



ORGANISATIONAL SET-UP & FUNCTIONS

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Constitution of the Board

The Board consists of a Chairman and the following other persons who, in the opinion of the Government, are capable of representing various categories.

- Three persons representing Parliament.
- Eight persons representing owners of tea estates and gardens & growers of tea.
- Six persons representing the Government of the principal tea growing states namely, Assam, West Bengal, Tripura, Tamil Nadu, Kerala and Himachal Pradesh.
- Five persons representing persons employed in tea estates and gardens.
- Two persons representing dealers including both exporters and internal traders of tea.
- Two persons representing manufactures of tea.
- Two persons representing consumers.
- Two persons representing other interests.

A list of Members of the Board for 03 (three) year term i.e. 2008- 2011 given in **Annexure - I**.

1.1 Functions of the Board

The functions of the Board are defined in the Tea Act. The focus of the Board is directed towards development of the Tea industry and trade especially in the sphere of production, extension of area under tea cultivation, improvement in the quality of tea, promotion of Co-operative efforts of growers, and research and development efforts in tea. undertaking promotional campaigns for increasing export of tea and regulatory functions such as issuance of Exporter's Licence, Tea Waste Licence, Tea Warehousing Licence, etc. Tea Board also plays a major role in the collection of tea statistics and in the adoption of a few Welfare measures for workers of tea gardens which are not covered under statutory provisions such as the Plantation Labour Act, 1951.

- 1.2 The Tea Board established a Website to disseminate all above information apart from data collection mechanism and an electronic auction engine to show case Indian Tea in domestic and international market along with a fair price discovery mechanism

1.3 Standing Committee

The Board has 04 (four) Standing Committees. The constitution of these Committees and the number of meetings held by them during the year under review are given in Annexure - II.

1.4 Election of Vice Chairman

At the meeting of the Board held at Kolkata on **08th November, 2008** Shri D.P. Maheswari, Chairman, United Planters' Association of Southern India was elected as Vice Chairman of the Board for the period ending 31.03.2009 in terms of Rule 9(1) of the Tea Rules, 1954.

1.5 Administrative Set-up

The Chairman, Tea Board, is the administrative and executive head of Tea Board and is assisted by a Deputy Chairman

The functional activities of the Board performed by various departments at the Head Office are as follows:



- Secretariat, Establishment and other Administrative work and Co-ordination of the activities of various departments of the Board's Office and also with the Ministry of Commerce & Industry, Government of India, are directly under the charge of the Secretary.
 - Finance including Accounts and internal audit is under the charge of the Financial Advisor and Chief Accounts Officer.
 - Quantative & Qualitative development of Tea produced in India, Tea Development, the administration of the Financial Assistance Scheme and Assistance to the Industry including Small Growers' for procurement, distribution and movement of essential input is under the charge of the Director of Tea Development.
 - Research, both agricultural and industrial, is under the charge of the Director (Research).
 - Regulation of production and export including/issue of Export Licence and implementation of the Tea Waste (Control) order are under the charge of the Controller of Licensing.
 - Marketing including promotion of tea in India and abroad is under the charge of the Director of Tea Promotion (HQ).
 - Labour Welfare is under the charge of the Welfare Liaison Officer, North.
 - Collection of statistics including cost studies is under the charge of the Statistician.
 - Legal matters arising in various functional departments mentioned above are handled by the Law Officer of Tea Board. Law Officer is also acting as the Chief Coordinating Central Public Information Officer.
- Board's website www.teaboard.gov.in is being managed and updated by Research Officer(Statistics)
- Implementation of the provisions of Official Language Act and various measures in this respect are handled by the Deputy Director (Hindi).
- Security and maintenance of the Tea Board H.O. is under control of Board's Security Officer

1.6 Man-Power

The man-power of the Board as on 31.03.2009, in all categories/groups in India and abroad including deputationists was 625. The existing strength of the Officers and Staff Members under different categories in offices of the Board in India and abroad is as shown in the **Table - 1**.

Table – 1

Groupwise man power statement of the Board in India and abroad as on 31/3/2009 :

Sl. No.		Group A	Group B	Group C	Group D	Total
01.	Head Office*	23	42	196	79	340
02.	Regional/Sub-Regional Offices	17	24	125	108	274
03.	Officers on deputation to Tea Board	09	–	–	–	09
04.	Officers on deputation to other organisation	-	–	02	–	02
	Total	49	66	323	187	625



Number of India-based Officials in Board's Offices abroad under different cadres (as on 31.03.2009)

	London	Dubai	Moscow	Total
<u>Group – A</u>				
1. Director of Tea Promotion	01	01	01	03

*Excluding deputationist to Tea Board

**Scheduled Castes & Scheduled Tribes and Other
Backward Class**

	SC	ST	OBC	Total
Group 'A'	09	02	03	14
Group 'B'	23	05	05	33
Group 'C'	39	08	12	59
Group 'D'	44	17	07	68
TOTAL	115	32	27	174

1.7 Recruitment Drive

Consequent upon the implementation of SIU's recommendation and Ministry's instruction thereof Board took a major drive in filling up the vacant positions in Tea Board through open advertisement till 31st March, 2009. 19 nos. of newly recruited staff under different categories, Development Officer, Programmer, Attender joined in Tea Board.

1.8 Secretariat Activities

The Secretariat Branch of Tea Board at Head Office is directly attached to Secretary Tea Board. The principal functions of this branch are:-

- To organize Board Meetings and Parliamentary Committee Meetings;
- To prepare and send replies, with approval of the C.A. relating to Parliament Question & VIP Reference;
- To Prepare and Print Annual Report & Annual Accounts of the Board, and also to Compile Chairman's Report to Ministry Every Month
- To Liaison with the Protocol Department and sundry other works.

During the year 2008-2009, Secretariat Branch organized one Board Meeting & four Parliamentary Committee Meetings.

1.9 LOCATION OF DIFFERENT OFFICES OF THE BOARD IN INDIA:

Apart from the Board's Head Office at Kolkata, headed by the Chairman and assisted by the Dy. Chairman, there are two Executive Directors of the Board posted at Zonal Offices at Coonoor and Guwahati.

Board's Offices in India & abroad

- Guwahati Zonal Office
- Coonoor Zonal Office
- New Delhi Regional Office
- Silchar -do-
- Jorhat -do-
- Tezpur -do-
- Dibrugarh -do-
- Agartala -do-
- Chennai -do-
- Kochi -do-
- Kottayam -do-
- Mumbai -do-
- Siliguri -do-
- Palampur -do-
- Jalpaiguri -do-
- Kurseong (Tea Research Centre)
- London(Board's Overseas Office)
- Dubai -do-
- Moscow -do-

1.10 Changes in Administration :

- Shri Manish Shankar Sharma, IPS deputed to the post of Director of Tea Promotion in Board's Office at Dubai w.e.f. 14.08.2008.
- Shri Chandrajit Saikia, IRPS : 89 Executive Director, Guwahati repatriated to his parent department w.e.f. 01.01.2009.
- Shri Rakesh Saini, IDSE(1987) joined as Executive Director in the Board's Office, Guwahati w.e.f. 15.01.2009.
- Mrs. Y. Roy Chowdhury, IA & AS(92) F.A. & C.A.O., Tea Board repatriated to her parent department w.e.f. 16.02.2009.
- Shri S.K. Mitra, DDTD(P) superannuated from the services of the Board w.e.f. 28.02.2009.
- Shri S.N. Dhar, Sr. Accounts Officer superannuated from the services of the Board on 31.03.2009.



INDIA TEA IN THE INTERNATIONAL PERSPECTIVE

2.0 Introduction :

Indian Tea Industry has attained the level of production of 980.82 million Kgs estimated during the year 2008 registering a decline of 5.61 million Kgs over the production level of 986.43 million Kgs achieved finally during 2007. The year 2008, the Indian tea industry recorded its finest performance in a decade with price realizations first achieving and the sustaining new heights. Teas were sold at a remunerative price at auctions particularly during the second half of the year, witnessing a surge in prices at auctions benefiting the producers selling teas through auctions.

During 2008, the export of tea from India has finally attained the level of 203.12 M.Kgs with value earnings of Rs 2392.91 Crs and thereby registering an increase in volume by 24.37 million Kgs over 2007 and the value earnings increased by Rs. 582.80 Crores over the year 2007.

The new electronic auction format was unveiled in the last quarter of the year. The e-auction system will provide an excellent platform for unbiased and transparent price discovery mechanism and more teas can be sold in a short span of time. From the current scenario of one - two day auctions, the system provides the capability of completing the auction program in one day. Exhaustive reports can be generated from the system to meet the requirements of various stakeholders on the same day. Printing of auction catalogs (as is currently being done) may not be required as they would be available online to all stakeholders.

The decline in production of tea during 2008 was noticed in the North Indian tea growing areas to the tune of 30.82 M.Kgs whereas; South Indian production has improved by 25.21 M.Kgs during 2008 over 2007. The North Indian tea crop has declined over the year except in the month of January, April, August and December over 2007. At the close of the year North Indian production stood at 733.92 M.Kgs as against 764.74 M Kgs of 2007. The crop pattern in South India reflects losses except in the months of May, June, August and November. At the end of the season South Indian production stood at 246.90 M.Kgs as against 221.69 M.Kgs of 2007.

At the close of the calendar year 2008, Indian tea exports witnessed an improvement in the volume and value as well as in unit export price over 2007. All India export volume reached the level of 203.12 M.Kgs as against 178.75 M.Kgs registering an increase of 24.37 M.Kgs and the value of export stood at Rs 2392.91 Crs as against Rs 1810.11 Crs in 2007. The improvement in value earnings was to the extent of 582.80 Crs over 2007. Unit export price earning has registered an increase of Rs 16.55 per kg over 2007.

The annual average prices of tea sold at Indian auctions during 2008 registered at Rs. 86.99 per kg as against Rs. 67.27 per Kg in 2007 showing there by an increase of Rs. 19.72 per kg i.e. 29.31% during 2008 over 2007.

During the year 2008, the average prices of tea at both North and South Indian auctions registered an increase. Prices at North Indian auctions increased by Rs.21.90 per kg i.e. 29.85 % and reached to the level of Rs.95.27 per kg as against Rs.73.37 per kg of 2007. Average prices of tea at South Indian auctions increased by 33.34 % i.e. Rs.16.57 per kg and reached to the level of Rs.66.27 per kg as against Rs.49.70 per kg of 2007.

The global estimated production of tea in the year 2008 registered a decline of 53 M.Kgs from the level achieved in 2007. Estimated global exports during the year 2008 registered an increase of 78 M.Kgs over 2007. The increase in exports is mainly due to increase in exports of tea from Kenya, India, Indonesia, China, Sri Lanka and Vietnam etc. Tea price of tea at the International Auction Centres has registered an increase in respect of all producing countries during 2008 over 2007.

2.1 World Production :

The World Production during 2008 has been estimated at 3750 M.Kgs as against 3803 M.Kgs in 2007. The



decline in production was noticed in Kenya (24 M.Kgs), Turkey (23 M.Kgs), Argentina (15 M.Kgs), Malawi (6 M.Kgs), India (5 M.Kgs.), Vietnam (4 M.Kgs), Tanzania (3 M.Kgs) and Indonesia (2 M.Kgs) etc.

However, production of tea in China (20 M.Kgs) and Sri Lanka (13 M.Kgs) has registered an increase during 2008 over 2007.

2.2 World Exports :

World tea exports during 2008 stood at 1653 M.Kgs as against 1575 M.Kgs in 2007 thereby registered an increase of 78 million Kgs during 2008. The increase in exports has been noticed in the countries like Kenya (39 M.Kgs), India (24 M.Kgs), Indonesia (11 M.Kgs), China (8 M.Kgs), Sri Lanka (5 M.Kgs), Vietnam (4 M.Kgs) and Argentina (2 M.Kgs). Bangladesh, Uganda, Tanzania, Malawi and Turkey registered a decline during the year. The details of production and export by major producing countries are as follows:

WORLD PRODUCTION AND EXPORT

(Figs. in M.Kgs)

COUNTRY	PRODUCTION		EXPORT	
	2008 (E)	2007	2008	2007
China	1160	1140	297	289
India	981	986	203	179
Sri Lanka	318	305	299	294
Kenya	346	370	383	344
Turkey	155	178	5	3
Indonesia	148	150	95	84
Vietnam	144	148	115	111
Argentina	72	87	76	74
Bangladesh	59	58	8	11
Malawi	42	48	40	47
Uganda	43	45	42	44
Tanzania	32	35	25	29
Others**	250	253	65	66
Total	3750	3803	1653	1575

(E) — Estimated and subject to revision

** Others include Taiwan, Japan, USSR / CIS, Iran, Mozambique, Zaire, Mauritius, Rwanda, Burundi, Cameroon, Brazil, Peru, Ecuador, Zimbabwe, Myanmar, Thailand, Malaysia, South Africa, Australia, Nepal, and Ethiopia.

2.3 WORLD IMPORTS:

World tea imports for consumption registered an increase of 17 M.Kgs during 2008 over 2007. Imports of tea for consumption into North America, West Asia (including Afghanistan) and North and Other African countries registered an increase during 2008 over 2007. The decline in tea imports during 2008 was noticed in the countries viz., CIS Countries including Russian Federation, E.E.C. (excluding United Kingdom) and South East Asia (including Pakistan and Japan) due to lower-off take by the importing countries. The position in respect of tea imports for consumption is illustrated below:

Region wise Import for Consumption

(Figures in M.Kgs)

Countries / Region	2008 (E)	2007
United Kingdom	131	131
E.E.C. (excluding United Kingdom)	68	69
Other West Europe	10	9
CIS Countries including Russian Fed.	247	250
Other East Europe	41	38
America		
North America	132	127
South America	28	25
Asia (West Asia including Afghanistan)	286	283
South East Asia (including Pakistan and Japan)	252	268
Africa		
North Africa	191	173
Other Africa	103	98
Oceania		
	18	19
Total	1507	1490

(E) Estimated



2.4. WORLD TEA PRICES :

The annual average prices of tea in US \$ terms have gone up in all countries during 2008 over 2007 with increase in quantum sold at all auction centres except at Mombassa, Jakarta and Limbe.

In India, the prices of tea (in US \$ term) sold at North and South Indian auctions have gone up by 23.73 % and 27.50% during 2008 over 2007. The average sales of tea at Indian auction centres as well as International auction centres are as follows :-

Prices of Tea at Different Auction Centres up to December

(Quantity : In Thousand Kgs)

(Price In US Dollar / Kg)

Auction Centre	January to December				% Increase (+) or Decrease (-) in 2008 over 2007	
	2008		2007		Qty	Price
	Qty	Avg Price	Qty	Avg Price		
Kolkata	147438	2.42	142814	1.98	3.24	22.22
Guwahati	152703	2.11	152553	1.68	0.10	25.60
Siliguri	89920	1.96	86235	1.59	4.27	23.27
Amritsar	211	1.04	105	0.79	100.95	31.65
Jalpaiguri	7	1.85	163	1.60	-95.71	15.63
North India	390279	2.19	381870	1.77	2.20	23.73
Cochin	61631	1.64	57700	1.35	6.81	21.48
Coonoor	50557	1.46	37736	1.07	33.98	36.45
Coimbatore	28081	1.47	23723	1.15	18.37	26.83
Tea Serve	15800	1.40	13375	1.01	18.13	38.61
South India	156069	1.53	132534	1.20	17.76	27.50
All India	546348	2.00	514404	1.62	6.21	23.46
Colombo	264865	2.83	241998	2.51	9.45	12.75
Mombassa	302886	2.18	343363	1.66	-11.79	31.33
Chittagong	55047	1.62	54475	1.17	1.05	38.46
Jakarta	40538	1.51	42357	1.33	-4.29	13.53
Limbe	14961	1.37	17609	1.05	-15.04	30.48

Conversion rate :: 1 US \$ = IN Rs. 43.415- 2008
IN Rs. 41.397- 2007.



2.5 INDIAN TEA SCENE :

Production

During 2008 the production of tea in India was estimated at 980.82 M.Kgs as against 986.43 M.Kgs finally achieved during 2007 indicating thereby a decline of 5.61 M.Kgs over previous year. The decline was mainly attributed towards the decline in North Indian crop to the extent of 30.82 M.Kgs whereas South Indian production has in-

creased by 25.21 M.Kgs during 2008 over 2007.

During the financial year 2008-09 the estimated production of tea in India reached a level of 972.77 M.Kgs as against 987.02 M.Kgs finally achieved during 2007-08 indicating thereby a decline of 14.25 M.Kgs over the last financial year. The details of production of tea in India during the last five years are given below: -

PRODUCTION OF TEA IN INDIA

(Figures in M.Kgs)

Calendar Year	North India	South India	All India	Financial Year	North India	South India	All India
2004	662.19	230.78	892.97	2004 - 05	673.57	233.27	906.84
2005	718.42	227.55	945.97	2005 - 06	721.47	227.47	948.94
2006	753.24	228.56	981.80	2006 - 07	748.43	224.64	973.07
2007	764.74	221.69	986.43	2007 - 08	758.27	228.76	987.02
2008 (E)	733.92	246.90	980.82	2008 - 09 (E)	734.03	238.74	972.77

(E) – Estimated and subject to revision,

2.6 Marketing:

a) Indian Auction :

The overall percentage of sale through auctions in India in relation to total production during 2008 was 55.66%. The percentage sale of tea through North Indian auctions in relation to total North Indian production during 2008 stood at 53.24% whereas the tea sold through South Indian auctions in relation to South Indian production was 63.21%.

b) London Auction :

The sale at London auction was totally closed down by the London Tea Trade with effect from 30th June, 1998.

c) Ex-Garden Sale :

The estimated ex-garden sale within the country during 2008 was worked out to 39.76% as against 42.70% in 2007. The overall picture of primary marketing of Indian teas by different channel is depicted below :

PRIMARY MARKETING OF INDIAN TEA

(Figures in M.Kgs.)

Year	Qty. of tea sold through Auction	Ex-garden export under forward contract	Ex-garden private sale
2006	499 (50.81)	54 (5.50)	429 (43.69)
2007	514 (52.13)	51 (5.17)	421 (42.70)
2008 (E)	546 (55.66)	45 (4.59)	390 (39.76)

Figures in bracket indicate percentage to total production.

(E) — Estimated.



2.7) Exports :

The export of tea from India during the complete calendar year 2008 finally stood at a level of 203.12 M.Kgs in quantum and Rs 2392.91 Crores in export earnings as against 178.75 M.Kgs. in quantum and Rs. 1810.11 Crores in export earnings in 2007 and thereby registered an increase of 24.37 M.Kgs in quantum and Rs. 582.80 Crs in value during 2008 over 2007. The unit export price during 2008 stood at Rs 117.81 per Kg as compared to Rs 101.26 per Kg in 2007 which shows an improvement of Rs 16.55 per Kg over 2007. During 2008 the value earnings in US\$ term reached the level of 551.17 million as against 437.26 million achieved during 2007.

During the financial year 2008-09 the export of tea from India finally reached a level of 190.64 M.Kgs in quantum and Rs 2381.79 Crores in value realization as against 185.32 M.Kgs in quantum and Rs 1888.68 Crores in value realization, indicating thereby an increase of 5.32 M.Kgs in quantum and Rs 493.11 Crores in value realization over 2007-08. During 2008-09 the value earnings in US\$ term reached the level of 518.04 million as against 469.64 million achieved during 2007-08. The improvement in exports of tea from India during 2008-09 was mainly attributable to the increase in export to Middle East countries like Egypt, Tunisia, Iraq, Saudi Arab and also Afghanistan and Pakistan as compared to last year. Total exports of tea (including instant tea) from India during the last five years are given below: -

EXPORTS OF TEA FROM INDIA

Calendar Year	Qty. (M.Kgs.)	Value (Rs.Crs)	U.P. (Rs/Kg)	Financial Year	Qty. (M.Kgs)	Value (Rs.Crs)	U.P. (Rs/Kg)
2004	197.67	1841.14	93.14	2004 - 05	205.81	1924.71	93.52
2005	199.05	1830.98	91.99	2005 - 06	196.67	1793.58	91.20
2006	218.73	2006.53	91.73	2006 - 07	218.15	2045.72	93.77
2007	178.75	1810.11	101.26	2007 - 08	185.32	1888.68	101.90
2008	203.12	2392.91	117.81	2008 - 09	190.64	2381.79	124.94

2.8. DIRECTION OF EXPORTS :

During 2008-09 the improvement in export of tea was noticed in the regions like West Asia and North Africa (11.13 M.Kgs), Asia other than West (7.89 M.Kgs) over 2007-08. Improvement has noticed in the countries like Iran (6.56 M.Kgs), Afghanistan (6.01 M.Kgs), Egypt (5.13 M.Kgs), Pakistan (2.42 M.Kgs), Tunisia (1.99 M.Kgs), Saudi Arab (1.12 M.Kgs), U.K. (0.71 M.Kgs) and Canada (0.48 M.Kgs) etc. during 2008-2009 over 2007-2008.

Decline was noticed in export to Russian Federation (7.52 M.Kgs), U.A.E. (4.25 M.Kgs), Germany (1.47 M.Kgs), Poland (1.14 M.Kgs), Kazakhstan (1.06 M.Kgs), USA (1.00 M.Kgs) etc. during 2008-09 over 2007-08.

2.9 PRODUCT DIVERSIFICATION :

Efforts were made to increase export of tea from India in bulk, value-added teas, organic and flavoured teas.

During 2008-09 the exports of value-added teas was more or less at par with the level of 2007-08. However, the volume of exports of value-added teas was 21.71 M.Kgs in quantum and Rs 505.76 crore as against 21.90 M.Kgs in volume and Rs 421.60 Crores achieved during 2007-2008. This shows a decline in quantum of 0.19 M.Kgs during 2008-09 whereas, export earnings has registered an improvement of Rs 84.16 Crs over 2007-08.

During 2008-09, packet tea exports from India has registered a marginal increase in terms of volume by 0.06 M.Kgs and value earnings increased by Rs 30.27 Crs respectively over 2007-08. The information on tea exports from India in the aforesaid forms can be seen from the following tables:

**(A) EXPORTS OF BULK TEA FROM INDIA :**

Year	Quantity (M.Kgs.)	Value (Rs.Crs.)	Unit Price (Rs/Kg)
2004-05	159.03	1312.86	82.55
2005-06	154.23	1243.10	80.60
2006-07	192.95	1591.56	82.48
2007-08	163.48	1467.08	89.79
2008-09	168.93	1876.03	111.05

(B) EXPORTS OF PACKET TEA FROM INDIA :

Year	Quantity (M.Kgs.)	Value (Rs.Crs.)	Unit Price (Rs/Kg)
2004-05	35.73	353.65	98.99
2005-06	30.53	285.02	93.37
2006-07	14.77	179.91	121.83
2007-08	10.14	131.91	130.05
2008-09	10.26	162.18	158.12

(C) EXPORTS OF TEA BAGS FROM INDIA :

Year	Quantity (M.Kgs.)	Value (Rs.Crs.)	Unit Price (Rs/Kg)
2004-05	7.09	142.91	201.43
2005-06	8.38	174.32	208.04
2006-07	7.34	168.01	228.98
2007-08	8.66	195.24	225.46
2008-09	8.64	248.44	287.67

(D) EXPORTS OF INSTANT TEA FROM INDIA :

Year	Quantity (M.Kgs.)	Value (Rs.Crs.)	Unit Price (Rs/Kg)
2004-05	3.96	115.29	291.35
2005-06	3.53	91.14	258.18
2006-07	3.09	106.24	343.27
2007-08	3.04	94.45	311.10
2008-09	2.81	95.14	338.57

2.10 Internal Consumption :

Major share of the Indian tea production is consumed within the country. However, there is a perception that the rate of growth of tea consumption in India has declined from the earlier level. In order to increase the domestic demand for tea the Tea Board has been advertising through media and also participating in fairs and exhibition within the country. The internal consumption of tea has been estimated at 802 M.Kgs. in 2008 as against 786 M.Kgs in 2007 showing an increase of 16 M.Kgs over 2007.

2.11 Taxes & Duties :

Cess at a rate 30 paise per Kg. levied on tea in India with effect from 1st April, 1997 except Darjeeling tea where it was levied at a concessional rate of 12 paise per Kg.

2.12 Excise Duty :

- Re.1 per kg on teas falling under heading 09.02 has been abolished w.e.f. 01.03.2003. Additional excise duty of Re.1 per kg has been introduced for development purposes w.e.f. 01.03.2003, which has been subsequently withdrawn in the budget 2005-06.
- 16 % ad-valorem on Instant Tea falling under heading 2101.20

2.13 Export Duty :

There is no export duty on tea exported from India at present

2.14 Import Duty :

- Basic duty of 100% plus 10% surcharge on basic import duty plus special additional duty of 4% on basic duty and surcharge (w. e. f. 1st March, 2002).
- Concessional rate of 7.5% basic duty plus other normal surcharges apply to imports from Sri Lanka up to a volume of 15 M Kgs per calendar year.
- Under the EXIM policy, the import of tea is continued to be allowed without payment of import duty under Duty Exemption Scheme and also for the purpose of re-export by Export Oriented Units (EOU), Export Processing Zone (EPZ) and Special Economic Zone (SEZ) units.



FINANCE

INTRODUCTION

As per Sections 25 and 26 of Tea Act the proceeds of tea cess levied and collected by Central Excise Department on all teas made in the country get credited to the Consolidated Fund of India and Central Government as deemed necessary provide non-plan funds to the Board under Annual Budget of Ministry of Commerce. The rate of cess has been enhanced with effect from 1st April, 1997 and at present is charged on Darjeeling and other than Darjeeling varieties of made teas @ Re. 0.12 per kg and Re. 0.30 per kg respectively in terms of the enabling provision contained in Section 25 of the Tea Act.

The other major sources of income of the Board are grants, subsidy and loan released to it by the Government of India under Section 26 A of the said Act. The Board also has some other minor sources of revenue such as fees on licenses, interest on loans and advances and miscellaneous receipts such as sales of liquid tea, sales of green leaves, sale of application forms and other publications etc.

Thus, all funds available to the Board under Sections 26 and 26 A of the Tea Act are routed through the medium of the Annual Union Budget. Such funds are then applied to the functions of the Board enshrined in Section 10 of the Tea Act subject to the delegation of financial powers of the Government and/or under the provision of the Act and subordinate legislation thereto.

As indicated above the Budget of the Board comprises of two constituent elements viz. Non-Plan and Plan.

CESS PROCEEDS

The estimated collection of cess during the year under review was Rs.2935.00 lakhs. During the year 2008-2009 an amount of Rs.2186.00 lakh was released by the Government towards proceeds of cess under Section 26 of the Tea Act, 1953 as non-plan contribution to the Tea Board.

RESEARCH & DEVELOPMENT GRANTS

During the year 2008-09, a sum of Rs.1390.72 lakh was received from Government towards Research and Development Grants for old and ongoing schemes and new schemes under Section 26A of the Tea Act. An amount of Rs.500.00lakh was received from the Government towards Centenary Grant for Tea Research Association.

SUBSIDY

A sum of Rs.8703.63 lakh was received from Government towards subsidy during the year 2008-09 under Section 26A of the Tea Act.

SPECIAL FUND (AED)

During the year an amount of Rs.405.94 lakh was received from Government towards Grant-in-aid under Special Fund set up with collection of Additional Excise Duty (AED) on Tea.

LOAN CORPUS FUND

During the year under review no amount was released by the Government under Section 26A of the Tea Act towards Loan Schemes.

SPECIAL PURPOSE TEA FUND

During the year an amount of Rs.1500.00 lakh was received from Government towards Capital cost.

Receipts during the year 2008-09 under different heads of Non-Plan were as under:

A. Receipts – Cess Rs. in lakh

Money received under Section 26 of Tea Act	2186.00
Fees realized on account of licenses /TMCO	10.08
Miscellaneous Receipts including sale of liquid tea, sale of green leaves, gain in foreign exchange, sale of publications etc.)	76.99
INTEREST ON ADVANCE	7.42
Registration fees realized on account of HACCP/DCTM	7.30
Operating cost received from Plan Scheme	1002.63
TOTAL	3290.42

Expenditure during the year 2008-2009 were as under:

**B. EXPENDITURE-CESS (NON-PLAN)**

(Rs. in lakhs)

Administration including Library including 6 th CPC Arrear	2165.22
Tea Promotion in India	206.04
Tea Promotion outside India	40.69
Pension including 6 th CPC arrear	868.61
Works	9.13
Advances to employees	21.84
Employer's contribution to New Pension Scheme	5.62
TOTAL	3317.15

C. Expenditure - Research & Development Grants

Rs. in lakh

Grant in aid to TRA	430.63
Grant in aid to UPASI	87.86
Research Grant to HPKVV	3.50
Grant in aid to AAU	2.00
Darjeeling Tea Research & Dev. Centre, Kurseong	67.73
Darjeeling Tea Research & Dev. Centre, Kurseong (Sch.)	34.00
Research Grant TRA	351.01
Research Grant UPASI-TRF	194.00
Research Grant to C-DAC	30.00
Workshop/Seminar	5.50
IIT, Khargapur, ISRO Scheme	96.18
SRIC, IIT, Khargapur (Research Scheme)	100.00
Salary component of R&D staff/ operating cost	130.00
Demo pruning (Coonoor)	42.37
Development Assistance	145.62
Bank Charges	0.28
TOTAL	1720.68

D Expenditure - Subsidy

(Rs. in lakhs)

Plantation Development Scheme	778.35
Quality upgradation & Product Diversification Scheme	1903.82
Orthodox Production Subsidy Scheme	2232.05
Human Resource Development Scheme	383.45
Market Promotion Scheme	2731.69
Special Purpose Tea Fund	2206.00
TOTAL	10235.36

E Expenditure - Special Fund (AED)

Rs. in lakh

Research	328.04
TOTAL	328.04

F. Expenditure - Centenary Grant to TRA

Rs. in lakh

Research	495.00
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G. EXPENDITURE - L O A N S C H E M E

Rs. in lakhs

Revolving corpus fund for loan scheme	NIL
TOTAL	NIL

H. Expenditure-Special Purpose Tea Fund (Capital Contribution)

Rs. in lakhs

Expenditure	1500.00
TOTAL	1500.00

TOTAL EXPENDITURE ON PLAN DURING THE YEAR**(C + D + E +F) Rs. 12779.08 lakhs**



TEA DEVELOPMENT

The developmental activities that are being pursued by the Tea Board are aimed at increasing the tea production both vertically and horizontally, improving the productivity of existing tea areas both in the organized and small grower sectors, creation of modern tea processing facilities for qualitative improvement of made tea. In addition Plantation Labour Welfare measures are also supported particularly in the areas of health and education and improving skills at all levels from workers to managers through extensive training. Towards this end, financial support by way of long term loan, subsidy and grant in aid is provided to the all the stake holders of the industry through following development schemes which have been approved by the Planning Commission and Government for implementation during the Eleventh Five Year Plan period with an approved outlay of Rs.615.50 crores. The breakup of the approved outlay for the schemes which serve the specific needs of the industry viz, production, processing, plantation labour welfare and

training for the XI plan period is as under:

Sl.No	Name of the Scheme	Approved outlay Rs. crores
1	Tea Plantation Development Scheme	316.00
2.	Quality Upgradation and Product Diversification Scheme	230.00
3	Research and Development Scheme	19.50
4	Human Resource Development Scheme	50.00
Total Budgetary support for 11 th Plan Period		615.50

PHYSICAL AND FINANCIAL ACHIEVEMENT DURING 2008-09

The year under report was the 2nd year of the XI plan period. The physical and financial achievements during the year as well as the cumulative achievement during the first two years of the XI plan period under each scheme are enumerated below:

1. PLANTATION DEVELOPMENT SCHEME:

The main objective of the Scheme is to encourage the tea plantations in undertaking various field oriented developmental measures aimed at increasing field productivity and decreasing cost of production. Specific areas of support given under this scheme include Productivity improvement through replanting, rejuvenation pruning & consolidation through infilling of vacancies, and creation of irrigation and drainage facilities. Special focus on Small tea gardens for enhancing productivity and quality, new planting in small holdings in hilly areas, encouraging small growers to organize themselves into self help groups/ tea producers societies etc

The activities supported under the scheme during the year under report were as under :

i) For all the growers regardless of the size of their holdings:

1	Replantation /Replacement planting and Rejuvenation of old tea areas -.	For these activities financial assistance by way of loan @50% of the unit cost and subsidy@25% of the unit cost was provided through Special Purpose Tea Fund set up for the purpose.
2	Creation of Irrigation facilities	The subsidy for these three activities was provided @25% of the actual cost subject to a combined ceiling limit of Rs.10,000 per ha
3	Creation of Drainage Facilities.	
4	Creation of Transportation facilities	



ii) For individual Small growers holding up to 4.00 ha under tea

1. New planting in the hilly areas above 2500' above MSL

iii) For Small Grower Self Help Groups

a. Setting up Leaf collection Centers/Input Storage godowns

b. Purchase of weighing Scales/ Leaf carry bags/plastic crates

c. Purchase of Transport vehicles

d. Purchase of field inputs -fertilizers & plant protection chemicals and implements – pruning machines, sprayers etc

THE PHYSICAL AND FINANCIAL ACHIEVEMENTS DURING 2008-09 WERE AS UNDER:

Sl No	Activities	Targets 2008-09		Achievements 2008-09	
		Financial Rs.Crores	Physical	Financial Rs.crores	Physical
1	New Planting Irrigation & Drainage SHGs of small growers	5.00	1000 ha 1500 ha 30 Nos	7.94	894.61 ha 4325.37 ha 17 Nos
2	Replanting Rejuvenation	20.0	4592 ha 1579 ha	21.79*	4020.20 ha 1553.27 ha

* In addition to subsidy, loan was sanctioned for Rs. 10.16 crores covering 1066.97 ha

Reasons for shortfall :

New Planting :

There was a practical difficulty in establishing the actual area planted in Nagaland due to receiving huge number of claims for subsidy amounting to more than Rs.8 crores for an inflated area. The Government of Nagaland has been requested to form a screening Committee to establish the identity of the growers and the extent of area planted by the individual growers.

Self Help Groups :

A review was made as to the functioning of the SHGs in Assam which were supported during the Tenth Plan period. It was noticed that many of the SHGs have

not been functioning satisfactorily. However, viewed against the combined target for first two years of the plan period (i.e 20 + 30=50) the actual number of SHGs formed during the two years (45+17=62) well exceed the target by 12 Nos.

Replanting:

The actual area uprooted against the applications received during the year under report well exceeds the target fixed for replanting. However, the actual extent of area replanted is marginally lower than the target mainly because of the time lag between the uprooting and replanting which in some cases is longer because of the requirement of rehabilitation of the soil prior to replanting. This shortfall will be made good during the course of the next financial year.



The cumulative achievements during the first two years of the plan period were as under:

Sl No	Activity	XI Plan Target		Achievements during 2 years(2007-09)		% Achievement of XI Plan targets	
		Physical	Financial Rs.Crores	Physical	Financial Rs.crores	Physical	Financial Rs.crores
1	New Planting Irrigation & Drainage SHGs of small growers	7450 ha 7900 ha 212 nos	55	1078.45 5890.32 62 Nos	10.58	14% 75% 29%	19%
2	Replanting Rejuvenation	32560 ha 8432 ha	261	7216.89 2980.81	68.07*	22% 35%	26%

*Includes a sum of Rs.30 crores used towards default reserve fund.

MAJOR POLICY DECISIONS / INITIATIVES TAKEN DURING THE YEAR UNDER REVIEW :

The policy issues relating to **Special Purpose Tea fund (SPTF)** were guided by the APEX Committee and the screening of applications and recommending them for sanction of loan and subsidy were guided by the Screening committee Report. During the year under one Meeting of the Apex Committee of the scheme and 14 meetings of the Screening Committee were held.

- The Apex Committee at its meeting held on 23.07.08 approved the following modifications to the eligibility conditions :
- Extension of the benefit of rejuvenation pruning to the tillah areas of Cachar and Tripura with the specific condition that age of the bushes should be in the range of 30 to 40 years of age
- Relaxation of the minimum stipulated rehabilitation period for undertaking replanting provided soil health is found suitable and the same is backed by soil analysis report from Boards' approved soil testing laboratories
- As follow up to decision of the Board in its 207th meeting held on 8th November 2008 the SPTF Committee, was constituted.

- Based on review made and analysis of the causes of delay in processing the applications, the application format has been simplified and a time frame was put in place for expeditious processing of applications received for loan and subsidy.
- An help desk has been set up for clarifying the queries relating to SPTF and the status of applications. A separate website has been created with a provision for submission of applications online.

2. Quality Upgradation and Product Diversification Scheme

The main objective of Scheme is to serve as a catalyst for tea factories/blending/packaging units to undertake investments in modern technologies/processes (either for expansion or for replacement), which would eventually enable quality improvement, and higher realizations through the production of better quality/value added teas. The overall objective of the scheme is thus to encourage quality upgradation and product diversification in the tea processing units. Specific areas of support given under this scheme include augmenting the processing capacity, creation of new facilities to product diversification like orthodox / green tea and other specialty teas, setting up of modern blending/ packaging units, installation of



electronic control devices for quality processing obtaining ISO/HACCP/Organic tea certification for tea manufacturing units/ gardens and imparting training to small growers and

Bought Leaf factory owners in quality awareness.

The activities supported under the scheme during the year under report were as under:

Sl. No.	Activities supported	Rate of subsidy
I	1.Modernisation of the processing factories by replacement of old and worn out machinery ; 2. Procurement of processing machinery for orthodox tea in 100% CTC factories and 3. Setting up of new factories by the Self Help Groups of small growers.	Subsidy @ 25% on the actual cost of machinery subject to a ceiling of Rs.25 Lakhs per factory per annum). (For item 2 & 3 subsidy @ 40% subject to a ceiling of Rs.25 Lakhs per factory per annum).
II	1.Value addition by way of creating additional infrastructure for cleaning, blending, colour sorting, packaging etc. 2.In case of machinery for orthodox tea in 100% CTC factories.	(Subsidy @ 25% on the actual cost of machinery subject to a ceiling of Rs.25 Lakhs per factory per annum). For item 2(Subsidy @ 40% subject to a ceiling of Rs.25 Lakhs per factory per annum).
III	Quality assurance certification for ISO/HACCP and Organic Tea	(Subsidy @ 50% of the certification fee subject to a ceiling of Rs. 1.00 lakh per certificate including renewals per annum).
IV	Setting up of new factories for production of green tea, orthodox tea and speciality teas etc (product diversification) –	(Subsidy @ 40%of the cost subject to a ceiling of Rs.25 Lakhs per factory per annum).
V	Incentive for orthodox tea production –	Subsidy @ Rs.3/- per kg of actual production of leaf grades and Rs.2/- per kg for dust grades and an additional incentive @Rs.2/-per kg of the incremental volume over the previous year.

- *Note*

- **Machinery:** The subsidy was limited to 25% of the total cost (basic cost of the machinery items, admissible taxes, freight, insurance and cost of commissioning) subject to a ceiling limit of Rs. 25 lakhs per factory/ blending packaging unit.

- **Certification:** The subsidy for obtaining an ISO/ HACCP and organic certification was limited to 50% of the cost of certification and restricted to a maximum amount of Rs. 1,00,000/-.

- No disbursement for **product diversification** was made during the last two years as the Board did not receive any application for setting up of new factories for production of green tea, orthodox tea and speciality teas etc



The physical and financial achievements during 2008-09 were as under:

Sl No	Activities	Targets 2008-09		Achievements 2008-09	
		Financial Rs.Crores	Physical	Financial Rs.crores	Physical
1	Factory Modernization		65 units		266 units
	Value Addition		12 units		25 units
	Quality certification	20.00	25 units	19.03	25 units
2	Orthodox Production	20.00	75 m.kgs	22.32	77.61 m.kg

The cumulative achievements during the first two years of the plan period were as under:

Sl No	Activities	XI Plan Target		Achievements during 2 years(2007-09)		% over XI Plan targets	
		Physical	Financial Rs.Crores	Physical	Financial Rs.crores	Physical	Financial
1	Factory Modernization	349 units		372 units		106%	
	Value addition	147 units	130	27 units	46.27	18 %	36 %
	Addition Quality certification	100 units		52 units		52%	
2	Orthodox Production	380 m kgs	100	150.55 m.kgs	36.32	40%	36%

3. HRD Scheme

Primary objective of HRD activities supported under this scheme aims at induction of professionalism in plantation management, improve labor productivity, skills improvement at all levels from workers to managers through extensive training and carrying out plantation labor welfare measures aimed at filling in critical gaps in the welfare of tea garden workers, particularly in health and education which will be in the nature of complimenting but not replacing the statutory provisions of Plantation Labour Act



The activities supported under the scheme were as under:

	Activities supported	Rate of subsidy
A	Labour Welfare measures	
1	Drinking water (One water point source with hand pump and platform)/Ring well for every 200 workers)	Rs.12000 /unit
2	Sanitation (one unit of sanitary latrine for every 100 workers)	Rs.15000/unit
3	Capital grant for extension of medical facilities and purchase of medical equipments and accessories	70% of the cost or Rs.8 lakh whichever is lower
4	Capital grant for construction of clinics and hospitals	70% of the cost or Rs.12 lakhs whichever is lower
5	Assistance to disabled persons dependent on tea garden workers	@Rs.2500 per disabled person
B	For education of wards of workers	
1	Educational stipend for the wards of workers for pursuing higher studies	Actual tuition fees and 2/3 of hostel fees
2	Capital Grant for extension of school buildings and construction of hostels	70% of the cost or Rs.8 lakh whichever is lower
3	Capital cost for construction of schools	70% of the cost or Rs.12 lakhs whichever is lower
4	Book and Scholl Uniform grant	@Rs.1000 per student
5	Assistance to Scouts and Guides and sports activities	
C	Training programmes	
1	Short term training programmes for growers/workers and plantation managerial staff	The financial assistance for training to be shared in the ratio of 60:40 for growers / workers: managers
2	Training of Trainers (Extension service providers for small growers) :	Course fee for training at TRA / UPASI TRF@: Rs.10,000/trainee Boarding and lodging during the training period Rs.6000/trainee Honorarium @Rs.500 per month/trainer for first six months of post training period
3	Setting up of Plantation Productivity councils in all the plantation districts, seminars and conferences and National Commodity information Grid	To be organized in collaboration with IIPM

No disbursement for Drinking water and sanitation was made during the last two years as the Board did not receive any application for these activities



The physical and financial achievements during 2008-09 were as under:

Sl No	Activities	Target 2008-2009		Achievements 2008-09	
		Financial Rs.Crores	Physical	Financial Rs.crores	Physical
1	i. Health care Drinking water- Sanitation- Capital grant to Hospitals / clinics	4.01	— — 8 units	3.83	— — 3 units
2	ii. Education: Educational stipend uniforms / book grants Capital grant to schools & hostels-Assistance for organizing Bharat Scouts and Guides & Sports activities in plantation Districts		5000 Students 5000 Students 5 units 1000 Students		579 16404 ** 6 units 879 students
	iii. Training Training of workers- Training of garden managers- Training of Extension service providers to SHGs- Planters Productivity councils-		— 200 60 trainers 10 Nos		— 3333 196 trainers 12

** includes special grant given to the workers of the closed tea gardens in West Bengal and Kerala

The cumulative achievements during the first two years of the plan period were as under:

Sl No	Activity	XI Plan Target		Achievements during 2 years(2007-09)		% over XI Plan targets	
		Physical	Financial Rs.Crores	Physical	Financial Rs.crores	Physical	Financial
1	i. Health care Drinking water- Sanitation- Capital grant to Hospitals/clinics-	5000 units 10,000 units 45 units	25.00	— — 9	— — 0.25	0 0 20%	2.8 %



2	ii. Education: Educational stipend uniforms / book grants Capital grant to schools & hostels- Assistance for organizing Bharat Scouts and Guides & sports activities in plantation Districts-	25000 students 25000 students 45 units 5500 students	12.50	37734 16 units 1879	5.83	75% 35%	46.6 %
3	iii. Training Training of workers- Training of garden managers- Training of Extension service providers to SHGs- Planters Productivity councils-	10,000 workers 2500 persons 424 trainers 15 Nos	12.50	-- 4338 196 12	3.12		15.44 %
	Total		50.00		9.20		16%

4. Development Grant

Developmental activities supported under this component of the R& D Scheme include extending advisory service for benefit of small growers, opening of new development offices of the Board for closer interface with small growers in non-traditional areas, strengthening of existing Board's offices, setting up of nurseries for supply of good quality planting materials for small growers, study tours and workshops for small growers etc

During the year under report a sum of Rs.265.96 lakhs was disbursed as per the break up of particulars as noted below:



Development grant disbursed during 2008-09

Sl No	Particulars	Amount Rs.lakhs
1	Advisory service – grant in aid provided to TRA/UPASI/AAU & IHBT Palampur	119.62
2	Study tours and workshops	7.47
3	Strengthening of Zonal & Regional offices of the Tea Board	103.73
5	Demonstration Pruning in small holdings in Nilgiris, Tamil Nadu	24.09
6	Others (miscellaneous)	11.05
	Total	265.96

Total assistance extended during the two years of the XI Plan period(2007-09) was as under:

Sl No	Particulars	Amount Rs.lakhs
1	Advisory service – grant in aid provided to TRA/UPASI/AAU & IHBT Palampur	130.62
2	Study tours and workshops	12.65
3	Strengthening of Zonal & Regional offices of the Tea Board	156.94
4	Demonstration Pruning in small holdings in Nilgiris, Tamil Nadu	41.13
6	Others (miscellaneous)	187.38
	Total	528.72

OTHER MAJOR INITIATIVES TAKEN DURING THE YEAR

A. Development of Geographic information system through remote sensing:

This project was launched during the period under report. The regional center of ISRO at Kharagpur has been associated with this project. Considerable preparatory work has been accomplished.



B. Energy conservation in small tea processing units in South India:

During the year under report the captioned project was launched to remove barriers to energy conservation and energy efficiency that inhibit the realization of large energy saving potential in the tea sector. This project has been financially supported by the United Nations Development Program – Global Environment Facility (UNDP-GEF). The UNDP-GEF is providing funding of US\$ 0.95 million out of a total envisaged project expenditure of US\$ 2.05 millions. This project is being managed by the Executive Director, Tea Board, Coonoor with implementation being carried out by Technology Informatics Design Endeavour (TIDE), Bangalore. A Project Steering Committee, headed by the Chairman, Tea Board, is guiding the project. This steering committee also includes representatives from Indian Renewable Energy Development Agency, United Nations Development Program, TIDE, and Ministry of Environment & Forests. A distinct project implementation team has been established with its activities coordinated by a Project Manager. Technical teams, information and awareness creation teams, and administrative teams are based in the project office based in Coonoor. A Technical Advisory Committee (headed by Dr. Sethumadhavan of the Institute of Energy Studies, Anna University, Chennai) has been constituted to advise the project team on technical issues, review energy audits, to advise on technology selection, and suggest policy issues of relevance to technology adoption in tea factories.

C. Organic Tea Development Project: This project supported by the FAO-IGG, CFC and IFOAM was launched in September 2008. The project aims at establishing scientific package of practices for organic tea, harmonization of certification parameters and identification of market potential for organic tea and development of marketing strategies for organic tea in the world market.

D. Development of new machinery for tea processing: This project in collaboration with IIT-Kharagpur was

launched as a part of new R & D programme approved for the XI plan period. The IIT_K has initiated research work aimed at development of several prototypes of tea processing machinery which are capable of processing high volume without compromising the quality and at less energy consumption.

E. Feasibility studies and Seminars : During the year under report, at the instance of Ministry of Commerce feasibility studies were conducted in two districts of Manipur – Churachandpur and Tamenglong and both the districts were found to be eminently suitable for cultivation of Tea. As a follow up two seminars were organized to create an awareness to the local farmers as to the methods of tea cultivation and the financial support that could be availed from Tea Board. A Study tour was organized for a group of farmers of Churachandpur to visit Durgabari co-operative tea estate in Tripura

F. Opening of of two new offices in Tea Board: During the year under report, in order to establish closer interface with the growing number of small growers, two field offices of the Board were opened at Dibrugarh in Assam and Jalpaiguri in West-Bengal in December 2008.

REVOLVING CORPUS FOR LOAN SCHEMES

In compliance with the Government's directives, no fresh sanction was accorded during the year under report for extending loan to the Tea industry on the other hand close attention was paid for the restructuring of the defaulted dues for the loanees who have come forward for settling the outstanding dues.. There was a good response to the restructuring package offered by the Board and the default position decreased significantly with the recovery of Rs. 10.14 crore during 2008-09 as against Rs.7.41 crore recovered during 2007-08. As per repayment schedule an amount of Rs. 209.30 lakhs was repaid to the Government.

CLOSED TEA ESTATES

As on 01.04.07 33 tea estates remained closed



in the country in 3 states, namely Kerala, West Bengal and Assam. During the year under review only 17 tea estates remained closed in Kerala and West Bengal. Government has sanctioned a revival package for the 33 closed tea gardens which provides for restructuring of the outstanding bank dues, provision of fresh working capital with interest subsidy from Govt, waiver of outstanding loan dues to Tea Board, settlement of PF dues in installments and provision of term loan for replanting under the Special Purpose Tea Fund, and upfront subsidy for the machinery items under the Quality Upgradation Scheme of Tea Board. The package was availed by one tea garden in Kerala and its bank account has been restructured. Out of total accumulated interest, towards 1/3 rd share to be borne by GOI amounting to Rs. 73.18 lakhs, a sum of Rs. 50.00 lakhs has been released to the Bank during 2008-09.

DEVELOPMENT COMMITTEE:

During the year under report, the Development

Committee of the Board comprising of following members closely monitored and guided the implementation of the various developmental programmes:

1. Chairman, Tea Board, Ex-officio, Chairman of the Committee.
2. Shri D.P.Maheswari, President, United Planters' association, (UPASI), Glen view, Coonoor.
3. Shri J.L. Butali, Kangra Valley Tea Growers' Association, Kangra, Himachal Pradesh, Member, Tea Board.
4. Shri Vijay Jagannath, M/s. McLeod Russel India Ltd., Kolkata, Member, Tea Board.
5. Shri Aditya Khitan, Chairman Indian Tea Association, "Royal Exchange", Kolkata.



TEA RESEARCH

According to the provision in the Tea Act 1955, Tea Board has been conducting, coordinating, supporting and promoting tea research activities in the Country through mainly three tea research institutes, namely, Tocklai Experimental Station, Tea Research Association in North East India, United Planters' Association of South India-Tea Research Foundation (UPASI-TRF) in South India and Darjeeling Tea Research and Development Centre (DTR&DC) in Darjeeling, West Bengal. Out of these three institutes, TRA and UPASI are managed by the private sector through their Council of Management and Trusty Board respectively. The Board is giving financial support to these institutes to the extent of 80% (Grant-in-Aid -49% and AED-31%) on certain identified items to smoothly carry out research programme useful for the Indian Tea Industry. DTR&DC of Tea Board is fully financed by the Govt of India to carry out research and development activities required for the growth and development of Darjeeling Tea Industry. TRA has its main Laboratory in Jorhat with seven advisory centers in the entire North East for transfer of technology to the tea estates. Similarly, UPASI-TRF has its head quarter at Valparai with seven advisory centres in South India. DTR&DC has its main laboratory at Kurseong and an extension laboratory has been developed in Siliguri this year under the up gradation of DTR&DC during 11th plan schemes.

Besides, need based research projects are also being financed by Tea Board in different areas of basic, applied and regulatory research to various national

institutes, universities including the tea institutes during plan period. Details of 11th plan schemes is presented in the following sections.

Grant-in-aid

With the increased financial support in the recent past up to 80% of the recurring expenditure for certain identified items, both TRA and UPASI-TRF are providing enormous amount of scientific/technical information required for tea cultivation, protection and manufacturing of tea. They have also emphasized the transfer of technology to the gardens by increasing number of visits, organizing training programs, seminars and conferences at the local areas. Basic research includes biotechnology and molecular biology, analytical biochemistry, molecular basis of tea quality during manufacturing/tea processing and molecular plant-pathogen interaction etc. Research also covered product diversification like tea colas and tea tablets. The ongoing research at the field level included improved cultural operations, updating of nutritional dose, bio-control and development of biocides like Neem products and microbial formulations. Regulatory research finds special significance specially fixation and harmonization of MRL and pesticide residue contents.

The financial support to TRA on account of grant-in-aid and AED Fund was to the extent of **Rs. 703,08,000.00 during 2008-09**. Similarly, UPASI was also granted **Rs. 143,45,000.00** as grant-in-aid and AED fund during **2008-09**. The financial support from AED to TRA and UPASI-TRF was granted for five years, from 2004-05 to 2008-09 and the same is being continued till the completion of 11th plan period (2011-2012). Board is also giving full financial support to Darjeeling Tea Research & Development Centre (DTR & DC), Kurseong which is engaged in research activities on plant physiology, soil, agronomy, biochemistry and extension services. Tea Board spent Rs.100,50,760.00 during 2008-09 for both research activities and up gradation of DTR & DC including infrastructural development.

A Special Centenary Grant of Rs. 20.00 crore was approved by the Ministry for the centenary celebration of Tocklai Experimental Station, Jorhat, Assam. An amount of Rs. 495,00,000.00 was spent for the development of infrastructure and corpus fund during the year under report.

Tea Board also granted recurring expenditure up to Rs. 2,00,000.00 to Assam Agricultural University for their tea technology course at the graduate level and Rs. 3,50,000.00



to Himachal Pradesh Krishi Viswa Vidyalaya (HPKVV) for integrated research and extension activities for the development of tea industry of Himachal Pradesh.

Plan Scheme

All plan schemes under 10th Plan Period were extended up to 31st March, 2008 and the 11th plan projects were started after that. During 11th Plan Period several project proposals including regular funding to TRA and UPASI, were being approved by the Government with an outlay of Rs. 84.68 crores. The research areas for 11th Plan Period include breeding and biotechnology, sustainable soil productivity, tea processing – biochemical and molecular analysis, development of quality testing laboratories, pesticides residue laboratory, plant protection (Helopeltis and Blister blight) studies on heavy metal etc. construction of modern High Tech Factory for South India in addition to studies on pesticides residue and integrated pest and disease management. Besides TRA and UPASI, three other institutions namely IIT, Kharagpur, C-DAC, Kolkata and ISRO-IIT-Kharagpur, Campus have been involved in the tea engineering research, creation of quality parameters database using E-Nose, E-Vision system and creation geo-database using remote sensing and GIS map respectively. The up gradation of DTR & DC during the 11th Plan Period involves in development of four divisions namely breeding and genomics, biochemistry and tea technology, soil science and agronomy, plant protection and natural products besides undertaking different research areas through classical and molecular approach.

Progress report of 11th plan research projects

UPASI

PROJECT-1

DEVELOPMENT OF INTEGRATED PEST AND DISEASE MANAGEMENT (IPDM) STRATEGIES FOR TEA WITH SPECIAL REFERENCE TO NON-CHEMICAL CONTROL METHODS

Entomology:

Surveys were conducted in the Anamallais (Coimbatore Dist., Tamil Nadu), Coonoor and Kotagiri (Nilgiris Dist., Tamil Nadu) to collect natural enemies and entomopathogens associated with the major pests of tea. Predators collected from the fields are being cultured in

the laboratory for further studies to evaluate their potential against their respective host insects. The isolated entomopathogens are being multiplied in the laboratory for testing for their pathogenicity against the pests from which it was isolated. The taxonomic determination will be done in due course by sending the isolates to experts.

PLANT PATHOLOGY

1. Survey: Field surveys were undertaken for the collection of soil samples/ grey blight infected tea shoots/ branch canker infected stems from three different agroclimatic zones of Vandiperiyar region and five zones in the High range (Munnar). The collected samples were brought to the laboratory for isolation and identification of biocontrol agents. Field surveys on wood rot and branch canker for isolation of respective pathogens are in progress.

2. Isolation of pathogen: Samples collected from the various tea fields were used to isolate the pathogens by following standard protocols.

3. Pathogenicity Test : The pathogenicity of the grey blight pathogen was tested on nursery plants/ mature plants and also with detached tea shoots in vitro conditions.

4. Isolation of Biocontrol Agents: Biocontrol agents from various soil samples and infected leaf samples were also isolated. The colonies were sub-cultured and brought to purity and stored in slants for further studies. Isolation of beneficial biocontrol organisms from other agroclimatic conditions are in progress.

5. Screening for Antagonism: The isolated bio-control agents were screened for their antagonism against *Pestalotiopsis* sp. following dual culture technique. In the case of *Trichoderma* sp, screening against *Pestalotiopsis* sp, was done by placing mycelial disc of both fungus on PDA plates. Antagonism was noted based on inhibition diameter of the pathogen in the plate with *Trichoderma*, sp. in comparison with the control plate.

PROJECT-2

CONSTRUCTION OF HI-TECH TEA FACTORY AT COONOOR CONSTRUCTION SITE/FACTORY

The site for the construction of Hi-Tech Tea Factory



has been finalized by the committee members in a meeting organized by UPASI. The construction site was surveyed by the Civil Engineer and the preparation of contour mapping has been completed. The selected site has been cleared for the construction of the factory and Factory building sketch was finalized. The HTF committee appointed a Architect /Civil Engineer for the construction of the proposed Factory.

FINALIZATION OF MACHINERIES

The machineries related to this project has been discussed along with the specialists and the list of machineries have been finalized. The sketches were prepared for the laying out of machineries and the layout has been finalized during discussion with the specialists.

Research Work

One Junior Research Fellow (Chemistry) has been appointed during the year. He was trained in the basic analysis of biochemical and quality parameters of black tea. He also underwent training in E-Nose and E-Vision system because ENV system is one of the important instruments in the project.

Trails on ENV system

By using the ENV system with us, the optimum fermentation time and fermentation colour palette of some of UPASI released clones were documented. The optimum fermentation time of some UPASI released clones were compared with E-Nose against the conventional spectrophotometric theaflavins formation method. The results showed that almost same optimum fermentation time was observed between the two methods.

PROJECT-3

STUDIES ON THE RESIDUES OF PESTICIDES AND HEAVY METALS IN TEA.

Residue field experiments

Two field trials were conducted during the period under report. The experiments were conducted in Valparai following GAP methods to determine the residue levels of chemicals such as Abamectin 1.8 EC and Bifenazate 50 WP in black tea at different harvest intervals.

Abamectin residues

Field trial was conducted in dry season to determine the residues of abamectin at different harvest interval. The treatments included untreated control, abamectin @ 800 & 1600 ml/ha (14.4 & 28.8 g a.i./ha). Spraying was carried out using hand operated knapsack sprayer with a spray volume of 400 L/ha. The green leaf samples harvested on '0' day (3 hr), 1st, 3rd, 5th, 7th, 10th and 14th day after application were processed into black tea in the CTC mini manufacturing unit. The tea samples were analyzed using standardized method to determine residues of abamectin.

The study revealed that the residue level on 1st day were below detectable level and 4.27 mg/kg when abamectin 1.8 EC was applied @ 800 & 1600 ml/ha respectively. Residues of abamectin reached non detectable level on 7th day when it was applied at the recommended dosage.

BIFENAZATE RESIDUES

Field trial was conducted in wet season to determine the residues of Bifenazate at different harvest interval. The treatments included untreated control, Bifenazate @ 200 & 400 g/ha (100 & 200 g a.i./ha). Spraying was carried out using hand operated knapsack sprayer with a spray volume of 400 l/ha. The green leaf samples harvested on '0' day (3 hr), 1st, 3rd, 5th, 7th, 10th and 14th day after application were processed into black tea in the CTC mini manufacturing unit. The tea samples were analysed using standardized method to determine residues of Bifenazate.

The study revealed that the residue level on 7th day were 3.19 and 5.87 mg/kg when Bifenazate 50 WP was applied @ 200 & 400 g/ha, respectively. Residues of bifenazate exponentially dissipated after spraying and reached below the detection limit on 10th day when Bifenazate 50 WP was applied at the recommended dosage of 200 g/ha.

TRA

Project-1

Establishment of chain of quality testing laboratories and strengthening of existing analytical facilities at regional centres and at Tocklai

Under the project two (2) research scholar and one Lab/Field Asstt. have been recruited in the month of May



09. They are now learning the analytical works of different biochemical parameters. Locally available microwave ovens were procured. Procurement of other instruments and collection of samples from different regions and analysis have already been initiated.

Project-2

Development of alternative strategies for management of tea mosquito bug and blister blight disease in tea plantation of North Bengal, India

Survey was made and 18 herbal species were collected and identified growing in and around tea plantation areas of N.E. India having pesticidal properties. Laboratory study has been initiated to study the insecticidal/fungicidal properties of these herbal extracts in water, hexane and methanol. Microbial estimation was made for both fresh leaves and samples collected from *Helopeltis theivora* and blister blight infested areas. Mass cultures of *Helopeltis theivora* are being maintained under laboratory condition for future experimentation. Two suspected entomopathogens namely *Fusarium* and *Penicillium* species were isolated from dead *Helopeltis* collected from Darjeeling areas and pathogenicity was studied in the laboratory. However no positive effect was obtained in case of both the fungi. Study of the biology of *Oxyopes* sp. a potent natural predator of *Helopeltis theivora* is under progress under laboratory conditions. Mating and Oviposition was recorded. Feeding rate of *Oxyopes* spider recorded consumption of 2-3 adult *Helopeltis* in six hours by a single adult *Oxyopes*. Population density of *Oxyopes* in relation to the infestation of *Helopeltis theivora* is being studied in the tea sections around the Tocklai campus. The average mean infestation of *Helopeltis* was recorded as 24.02 and 45.95 for the month of April and May respectively. Whereas the average mean density of *Oxyopes* per bush was recorded as 0.68 and 0.90 for the month April and May respectively. Population of *Chrysoperla* sp. a potent natural predator of tea pest, in the tea sections around the Tocklai campus was recorded. The biology was studied under laboratory conditions. However, no mating and oviposition of females were recorded. Feeding rate of *Chrysoperla* sp. was studied in laboratory condition against 1st instar nymph of *Helopeltis theivora*. It was recorded the consumption of 10-11 1st instar nymph/hr. and the time taken to consume

a single nymph varies from 3-10 mins.

Project-3

Sustaining soil productivity – some strategies

Regarding improvement in soil compaction, a field trial has been initiated at Ghiladhari tea estate (South Bank). A section in the said tea estate was so selected where LP will be done at the end of this season. During LP operation different treatments for improvement in compaction would be imposed. Method for development of quality organic manure (vermicompost/ enriched vermicompost) has been standardized. Work is in progress to develop microbial enriched vermicompost and to see its effect on soil properties and growth of young tea under field conditions. Suitable biowaste for quality compost has been evaluated.

To explore the possibility of alternate methods of rehabilitation to shorten/eliminate the waiting period between uprooting and planting, a field trial was laid out at Borbheta experimental area where an old tea section was uprooted and planted with tea (i.e., direct planting, without grass rehabilitation) in some of the plots. After planting soil was mulched with Guatemala grass. The planting material used in the experiment is S3A/3. For initial benchmark information on physical, chemical and microbiological status, soil samples were collected and analysed for the required parameters.

New planting in properly rehabilitated plot at Bokahola tea Estate (South Bank) with 9 different planting materials (Clones) viz., TV 1, TV 17, TV 20, TV 26, TV 23, S3A3, T3E3, TV 30, TV 31 was completed and plants were allowed to establish freely. Initial girth measurements of the plants were taken. Both laboratory and pot culture experiment is going on to see the effect of phosphate solubilising materials (organic acids and microbes) on solubilisation of fixed and native phosphate in soil. A field experiment on "Integrated Nutrient Management in Tea" has been initiated in a commercial tea estate (South Bank) during this cropping period and pre treatment yield is being recorded this year and final treatments will be imposed next year after seeing the variation in the plots through statistical evaluation based on pre treatment yield.



Project-4

Studies on heavy metals – phase ii

The project was initiated at the Service Division, Tocklai Experimental Station, Tea Research Association, Jorhat, recently. During the period under report (February to July, 2009), the sanctioned manpower has been recruited and is being trained.

Project-5

Development of methodologies for the extraction of food grade secondary metabolites from tea and upscaling the methods for commercial purpose

Under the project two (2) Research Fellow and one Lab. Asstt. have been recruited in the month of May, 09. They are now learning the analytical techniques of different biochemical parameters. Processing has already been initiated for procurement of instruments.

Project-6

Biotic & abiotic stress analysis for development of stable quality genotypes

Experimentation in artificial condition is in progress. The research fellows are working for the extraction of RNA for the transcript profile analysis. Procurement of instruments is in progress.

Project-7

Molecular basis of stress linked biochemical changes during processing of tea shoots and their relation to the quality of made tea

Under the project two (2) Research Fellow and one Lab/Field Asstt. Have been recruited in the month of May, 09. they are now learning the analytical works of different biochemical parameters. Processing has already been initiated for procurement of instruments. Processing experiments is relation to stress under control environment is initiated to see the biochemical changes.

Project-8

Establishing a pesticide residue testing laboratory

Initial work on recruitment of manpower and procurement of equipments are in progress. The site of the lab is under renovation at 113, Park Street, Kolkata which

will be ready at at later date by September, 2009. It has been informed to all tea companies that residue testing facilities for tea will be available at TRA, Kolkata. A sort of market survey as well as the type of tests the industry would require is being also asked.

IIT-KHARAGPUR :

Standardization of process parameters for machinery development in withering, maceration, rolling, fermentation and drying of tea.

Major equipment purchased:

HPLC (WATERS-600 controller), GC (Shimadzu), UV-Vis Spectrophotometer (Shimadzu UV-1800), Synergy Water Purification System (Millipore) Centrifuge (Remi-R-8C & R-23), online UPS for equipments

Infrastructural facilities:

A new Tea Research building complex of 80 m length and 12 m width with research laboratory facilities on withering, maceration/ rolling, fermentation, drying and tea testing is coming up. Besides, a biochemical laboratory and an office space will be housed in the same complex. Also a tea manufacturing pilot plant will be installed.

Tea Garden: A 20 acre tea garden is being maintained for production of tea leaves for experimentation purpose.

Technical :

Withering :

For undertaking R&D studies on process parameters on weathering, a withering trough has been designed. This will be an open trough bed- 2 ft width, 20 ft in length and 6 inch high. This is expected to handle about 50 – 80 Kg tea leaves at a time. Airflow will be provided by a 2hp axial flow fan fitted with a DC motor coupled with electronic speed control device with provision to reverse the fan rotation to produce suction effect. The fan will give 16000cfm of airflow at static pressure of 12.5 mm of water. Additionally a provision has been made to lift and rotate the trough containing tea leaves by 180 deg. to make withering process as uniform as possible. Several parameters like pressure loss in the trough, amount of withering, total time taken for withering, temperature,



humidity, air velocity at different selected points on the trough etc. will be monitored during the experiment. It is also being planned to conduct closed trough study for measuring various process parameters to make a comparative assessment of closed and open trough performance from the point of view of efficient withering. The basic aim of the study will be to achieve uniform weathering of leaves with minimum energy and time consumption.

Maceration :

A test set up has been designed for maceration of tea leaves (Maceration Unit Type A). It can accommodate different types of rotors for maceration of tea leaves. The rotors will be changed during the experimentation. It is run by a 5 HP motor at present. Higher speed of operation would make it necessary to use a 10 HP motor. A leaf feed unit consisting of a metering wheel, hopper and conveyor is designed and is under fabrication. A collection unit for the macerated leaves is being designed and developed. Detailed experiments will be carried out in order to optimize the blade design and rotor speed. The test set up is being equipped with instruments for the purpose. Preliminary trials were carried out on this machine and it has shown satisfactory results.

A different maceration unit (Type B) is under trial. Its basic functionality is being tested in laboratory conditions. This unit needs to be redesigned and fabricated. Redesign is being carried out now.

Rolling :

Work has been started on a machine based on a modified screw thread concept. Fabrication will be carried out on a scaled down version of the machine. Feasibility and operatability of the design will be looked into. The basic idea is to have the rolling done between contact zones of a moving thread and a stationary nut while the material is conveyed forward. If feasible, this concept may be used for continuous rolling.

Fermentation :

Preliminary experiments were conducted in an air tight container to measure the amount of O₂ consumption and CO₂ production at different time interval during

fermentation of CTC tea leaves. The oxygen uptake and CO₂ production were calculated as mass of O₂ consumed or CO₂ produced per unit mass of dry tea solid. Design of continuous fermenter with controlled air temperature and humidity is under progress.

Drying :

Vacuum drying has been taken as the process of drying for tea leaves to retain maximum amount of aroma and flavour. Preliminary experiments on vacuum drying of tea leaves have been conducted using a laboratory vacuum dryer available in the Department. Vacuum drying characteristics of tea leaves has been compared with that of conventional ECP drying. We are presently in progress of procuring a modern vacuum dryer. Alternative energy sources will be utilized for the vacuum drying.

Preliminary experiments on drying of orthodox and CTC tea were conducted to establish a relationship between the time of drying and moisture content of tea leaves in ECP dryer. Design drawings of an air-recirculatory ECP dryer are under progress.

Tea Bush uprooting machine :

Two varying models of tea bush uprooting machine were designed, fabricated and tested. One small size model was tested at IIT Kharagpur with small tea bushes. Besides, two bigger size units were fabricated with higher efficiency Preliminary testing was done in tea garden at Siliguri. A winch based unit also developed and testing is under progress. A tractor operated unit is also under design with higher uprooting capacity.

C-DAC KOLKATA

Corpus creation of measureable physical parameters of indian tea

Preparation of detailed project report (DPR): A detailed design report on the above project containing requirement analysis, technical details of corpus - overview, utility, ENV corpus specifications, software design report, hardware and software specification, database design, implementation strategy, remote data collection methodology, data analysis methodology etc. have been prepared.

Hardware development: For fabrication of 6 nos of ENV systems, requisite electrical/ electronic components,



cabinets etc. have been purchased. Camera, data acquisition cards and other accessories have been ordered. Fabrication process has been initiated.

Software development: Development of remote client software for data transmission from remote client ENV system (PC) to central server through Internet is ongoing. Software is being developed using Microsoft® Visual Studio, programming language is VC++ with MFC and development platform is windows XP. Installer software will be made after successful laboratory testing. This software will be deployed in addition to the existing ENV Software version 2.1.1 with every ENV system at remote data collection centers.

Identification of agro climatic locations: Six number of tea gardens/ factories/ laboratories/ research centers will be identified with consultation with Tea Board/TRA/TRF (UPASI), where ENV system will be deployed for data collection. A review meeting may be organized shortly.

Evaluating quality of Finished Tea using ENV system and co-relating with tea taster: A pilot level experiment has been initiated in C-DAC, Kolkata for evaluating tea quality using existing ENV System as well as manual evaluation has been performed by a professional tea taster. For the above purpose, one visiting tea taster has been recruited as consultant. Total 162 number of CTC tea samples have been tested in our laboratory and the testing data collected by the ENV system has been stored in the corpus database. This process is helpful for initial trial with corpus software before final deployment in the field.

DTR & DC :

Project-1

Nitrogen mineralization of organic matter in acid soils of tea (*Camellia sinensis* L.) in Northern districts of West Bengal

Sixteen (16) different kinds of organic manures/De oiled cakes has been purchased and estimated their available and total nitrogen, total P, total K, total S, total C, C:N ration in CHNS analyzer on dry weight basis. Laboratory work has already been started to estimate the carbon mineralization. Available N under anaerobic condition estimated for mineralization in lab conditions of all the

organics. Started field experiment in DTR & DC with organic mixture formulation. Soil samples collected from the trail plots before application of organics in April, 09. Analysis of the physico-chemical properties done for the collected pre-trial soil samples. Recording of green leaf yield data at weekly interval is on. Manufactured the green leaf samples for GC analysis of VFCs.

Project-2

Development of phosphate solubilizing biofertilizer for tea (*Camellia sinensis* L.) in acid soils of North Bengal

Eighty (81) soil samples were collected from tea gardens of different elevation. Analysis of pH, EC, available P and of all these soils have been done. Total 300 cultures were grown. Approximately 35 bacteria and 20 fungi have been isolated as potential phosphate containing solid media. Screening programme based on tri-calcium phosphate solubilizing in liquid culture is going on. Evaluated tea phosphate solubilizing capacity of 20 bacteria and 15 fungi.

PARTICIPATION IN THE COUNCIL OF MANAGEMENT / BOARD OF TRUSTEE /SCIENTIFIC ADVISORY COMMITTEE

Tea Board participated routinely in various management meetings of TRA and UPASI to advise certain policy matters related to research and development work and proper utilization of Govt fund for the benefit of the Indian tea industry. Recently, DTR&DC has formed similar types of Technical/Advisory committees to discuss and finalize research projects and effectively conduct research work needed for the Darjeeling tea industry. Also these institutes have been invited to Tea Board time to time in participating R&D meeting organized by Tea Board to formulate research projects. One such meeting was organized by Tea Board during June,2008 for finalizing all the 11th plan projects wherein senior members of different Associations of the industry and specialist scientists were also invited to participate in the discussion.

TECHNOLOGICAL SUPPORT

Tea Board provides essential technical support to the tea industry by way of circulation of technical standards from different tea importing nations as well as from the Govt. of India. The quality standards are regularly updated



at various stages for which Tea Board gives technical data along with the views of tea industry.

Pesticide Residue Issues :

Tea Board has been financing and co-ordinating extensive research on pesticide residue in tea involving Tocklai Experimental Station, Jorhat, Assam and UPASI, South India. Both these Tea Research Institutes are conducting trials during the last more than five years and generating data at the field level for many of the new pesticide compounds applied in tea. These data were used for fixing Maximum Residue Levels (MRLs) and being submitted to both national and international regulatory bodies for harmonization of MRL in tea. Recently Tea Board through its National MRL committee has organized a national level

workshop in Delhi inviting different Govt Departments of Ministries of Health and Family Welfare, Agriculture and Commerce and Industry. Representatives of the Industry and eminent scientists of different Institutes were also present in the said workshop and deliberated on the subject.

Tea Board attended in various international meeting like FAO-IGG, CCPR and presented progress of work on pesticide residue in tea with special reference to fixation of MRL in tea brew. Work in this area of research have been published in international Journal by our tea scientists in the recent past and international coordination has been initiated for the generation and compilation of data to establish MRL in tea brew.



TEA PROMOTION

6. Introduction

Exports of Tea increased in 2008-2009 in terms of quantum as compared to the previous year to the extent of 5.32 m. kgs. The value realization also registered an increase during 2008-2009, as compared to 2007-2008 to the extent of Rs.493.11 crores on account of the higher unit price realization during 2008-2009 of Rs. 124.94 per kg. as compared to Rs.101.91 per kg. during the previous year.

A major factor contributing to the increase in export of tea from India during 2008-09 was largely due to increased off take by countries like Afghanistan, ARE, Iraq and. Pakistan. A marginal improvement was also noticed in the countries like Saudi Arabia, Japan, Canada and Turkey during 2008-09 as compared to the corresponding period of 2007-08. During 2008-09 there was decline in exports to CIS countries including Russia UAE, Poland and Iran. In addition, marginal decline in exports to UK, USA, Germany, and Australia was also noticed as compared to the corresponding period of 2007-08.

Several developments affecting Indian tea in the domestic and international market places required new initiatives from Tea Board and Industry for meeting the new challenges. Markets such as Russia/CIS, UK, A.R.E. (Egypt), UAE, Pakistan etc. continued to be of vital importance. In keeping with the requirements of the export and domestic markets there was a focus on quality in a sustained manner. Quality control projects continued to be actively pursued along with implementation of ISO 3720 Standards and HACCP

(Hazard Analysis & Critical Control Points). Efforts continued to persuade producers to increase production of exportable quality good teas of orthodox variety.

There was a slow-down in the rate of domestic tea consumption, as a result of increasing competition from other beverages, particularly soft-drinks. To arrest the declining trend in domestic demand, tea promotion within India assumed greater importance and Tea Board continued organizing several promotional activities in the country. They were mainly aimed at the youth projecting tea as a lifestyle beverage and at young housewives, propagating health benefits of tea. The domestic generic campaign that was launched in the last quarter of the financial year 2005-06 and continued during 2007-08 was on a low key during 2008-09. For projecting the quality image of Indian tea and supporting trade activities, Tea Board's modernized and re-oriented Tea Centre-cum-Trade Information Centre at Mumbai continued to show good results.

In the world scenario, the effects of the liberalised regime of imports under WTO obligations and freeing of tea imports among SAARC countries apart from India's Free Trade Agreement with Sri Lanka on preferential Tariff terms (thereby allowing import of Sri Lankan teas at concessional duty rate), increased competition in international markets, developments affecting Indian exports in countries such as Russia, Libya, Iran, Iraq etc., continued to provide a serious challenge to the Indian tea industry, during the year under review. With the reduction of import duty in Egypt there is now a greater prospect of increasing Indian exports to Egypt.

The activities of the Tea Promotion Directorate were considerably enhanced and upgraded through various proactive activities and through continuation of Scheme to tea exporters towards meeting additional transport and handling charges incurred for teas exported through I.C.D., Amingaon. During the year under review the transport subsidy was continued with the rate of Rs.1.50 per kg. In keeping with Ministry's MDA guidelines some nominal promotional assistance was provided to exporters. Regular promotional activities of the Board were also carried out including through participation in various trade and consumer Fairs and Exhibitions internationally.



The table below gives position of Indian tea exports over the last 3 years.

Year	Qty. (M. Kgs)	(Value) (Rs. Crs)	U.P (Rs/Kg)
2006-2007	218.15	2045.72	93.77
2007-2008	185.32	1888.68	101.91
2008-2009	190.64	2381.79	124.94

The Board's export promotion work is carried out from Head Office and through its foreign offices located at London, Moscow, & Dubai .

The present jurisdiction of the Board's Foreign offices are as under:

LONDON	UK, Ireland, Norway, Sweden, Denmark & Finland Since the closure of Hamburg Office from July 2002, the following countries have come under the jurisdiction of London Office:- Belgium, Luxemburg, Netherlands, France, Germany, Italy, Spain, Portugal, Greece, Austria, Switzerland, Malta, Cyprus, Poland and the breakaway Republics of former Yugoslavia such as Bosnia Herzegovina, Croatia, Slovenia, Serbia, Montenegro and Macedonia
Moscow	Russia and CIS countries
Dubai	West Asia and North Africa comprising Kuwait, Iran, Iraq, Bahrain, UAE, Saudi Arabia, Oman, Qatar, Yemen, Jordan, Syria, ARE , Libya, Sudan, Tunisia, Algeria, Morocco, Turkey and also South Africa. Afghanistan and Pakistan were new additions.

Promotional activities in countries other than those covered by the Overseas Offices are undertaken from the Board's Head Office in Kolkata with the help and co-operation of respective Indian Missions abroad.

The work of promotion is carried out at various levels :-

- | | |
|---|--|
| <p>a) Generic promotion through Tea Councils to increase overall consumption of tea including activities to communicate the health aspect of tea. India is a member of the Tea Councils of UK, Germany, Canada and USA.</p> <p>b) Promotional programmes for Indian tea are carried out by the Board's foreign offices to enhance demand for Indian tea and increase market share. Activities geared towards facilitating trade through these offices include participation in Fairs and Exhibitions, trade</p> | <p>facilitation by way of arranging Buyer-Seller meets and visits by trade delegation, etc.</p> <p>c) Market development activities include market Surveys, market analysis and tracking of consumer behaviour. This also includes making all relevant information available to exporters/importers and through an information dissemination plan.</p> <p>d) In order to enhance the equity of Indian Tea and its various sub-brands, efforts are on to register the Board's logos in various markets as well as to popularise the usage of these logos and to prevent misuse by unauthorized users.</p> |
|---|--|



6.1 Activities from India.

The Directorate of Tea Promotion in the Board's Headquarters co-ordinated the activities of the Board's overseas offices to ensure proper monitoring of their promotional programmes and smooth functioning. Activities during the year 2008-2009 included the following:

- a) Organising the Board's participation in Trade Fairs and Exhibitions not covered by the Overseas Offices.
- b) Arranging the visit of the Board's representatives, tea delegations to foreign countries to participate in International Meetings, Fairs/Exhibitions and Buyer-Seller Meets.
- c) Organising the visits to India of tea delegations/buyers and media representatives from abroad, including arranging their meetings with tea trade, visits to tea areas etc.
- d) Maintaining liaison work with the tea trade, attending to trade enquiries, shipping and warehousing difficulties, keeping the tea trade informed of developments related to exports, as well as, dissemination of market and trade information.
- e) Registration of producers, exporters, traders of Darjeeling tea under Darjeeling CTM Protection Process.
- f) Issuance of Certificate of Origin for all exports of Darjeeling tea based on invoice-wise tracking of garden tea production.
- g) Processing and disbursement of various assistance to trade/industry under Market Promotion Scheme of Tea Board.
- h) Maintenance of accounts and budgeting on various allocations against activities under Market promotion Scheme.

Information Dissemination

As part of information dissemination, the trade enquiries received at various fairs and exhibition as well as those received from time to time from various sources, were passed on to the industry members through the revamped website.

Market consolidation and Diversification of export market portfolio.

Efforts are on to consolidate position in markets where India has a significant share of the tea market, and also to enter new markets. The Geographic market portfolio needs to be diversified in order to reduce the dependence on the few major importing countries and create a more balanced basket. Efforts are now being focused on tapping the potentials in the far east and ASEAN region as well as Egypt and Pakistan. Tea Board's participation in events in China are now showing results. Tea Board's promotional activities in Australia are also showing good and promising results.

NICHE SEGMENT OPPORTUNITIES

VALUE-ADDITION AND TARGETING NICHE SEGMENTS IN SPECIFIC MARKETS HAS BEEN A PRIORITY AREA. EFFORTS WERE ON TO INCREASE ORTHODOX PRODUCTION. 40% OF THE WORLD'S CONSUMERS DRINK ORTHODOX TEAS WHEREAS 91% OF INDIAN TEA PRODUCED IS CTC. INDUSTRY HAS TAKEN INITIATIVES TO INCREASE ORTHODOX PRODUCTION, AS WELL AS OF QUALITY IMPROVEMENT AND COST REDUCTION. SPECIALITY TEAS LIKE DARJEELING HAVE BEEN BRANDED AS TOP END PRODUCTS AND PROTECTED IN TERMS OF INTELLECTUAL PROPERTY RIGHTS.

Intellectual Property Rights Protection for Indian Tea - Achievements 2008-09.

The Tea Board has continued its objectives to protect and preserve its various tea names logos as India's treasured Geographical Indication and icons of India's cultural collective heritage. This is in addition to Darjeeling tea being the first Geographical Indication to be registered in India. Darjeeling is registered in over 20 overseas jurisdictions.

DARJEELING

1. DARJEELING word and logo marks have been registered in Taiwan as certification marks.
2. DARJEELING word has been registered in Australia as certification mark.
3. Application filed for registration of DARJEELING as protected Geographical Indication under European



Council Regulation 510/2006. Initially, the said application was filed in PGI (protected Geographical Indication) category. The application has been examined by the European Commission and would be registered in due course.

ASSAM & NILGIRI

Tea Board filed applications for ASSAM (orthodox) and ASSAM (orthodox logo) and NILGIRI (orthodox) and NILGIRI (orthodox) logo as Geographical Indications under the Geographical Indications of goods (Registration and Protection) at 1999. The said application were advertised in

Journal No.26 dated August 29, 2008 and the same have proceeded towards registration.

INDIA TEA LOGO

The Indian trade mark application for India tea logo as certification mark has proceeded towards registration.

In addition to the above, Tea Board continued to challenged, through available means, instances of attempted registration and misuse of 3 tea names and logos as well as India tea logo both at the domestic and International level. In this connection, Indian trade marks office has issued 20 (twenty) opposition orders in favour of the Tea Board.

PARTICIPATION IN INTERNATIONAL FAIRS/EXHIBITIONS FROM HEAD OFFICE.

DURING THE PERIOD UNDER REVIEW, PARTICIPATION IN THE FOLLOWING FAIRS AND EXHIBITIONS WAS ORGANIZED FROM HEAD OFFICE :

1.	Focussed Indian Tea Testing in Cairo, Egypt	20 th May 2008
2.	Iran Agrofood, Tehran, Iran	25 th to 28 th May 2008
3.	Cannes Film Festival, France	15 th to 26 th May 2008
4.	World Tea Expo, LAS VEGAS, USA	31 st May to 2 nd June 2008
5.	Hong Kong Food Expo, Hong Kong	14 th to 18 th August 2008
6.	Fine Food Australia, Melbourne	22 nd to 25 th September 2008
7.	China Tea Expo, Beijing, China	12 th to 15 th October, 2008
8.	Fancy Food Exhibition, Santiago, Chile,	23 rd to 25 th October, 2008
9.	Foodex Tokyo, Japan	3 rd to 6 th March 2009

Generic promotion of tea in India

As part of the generic promotion of teas in India, Tea Board participated in the following events during the year under review:

1.	2 nd Children Spring Book fair -08, Guwahati.	May 2008.
2.	Natasurjya Drama Festival -2008, Guwahati .	July 2008
3.	Ganga Utsab'08, Kolkata.	August 2008
4.	12 th National Expo 2008 Kolkata.	September 2008
5.	UPASI Industrial Fair 08., Coonor.	September 2008



6.	Hospitality World, Mumbai	September 2008
7.	Calcutta Film Festival-08 ., Kolkata.	November 2008
8.	Konarak International Dance Festival-08 Konark, Orissa.	December 2008
9.	West Bengal Tourism Festival , Kolkata.	January 2009
10.	Silpa Banijya Mela-09, Baruipur, 24-parganas.	January 2009
11.	Acharya Satyendranath Basu Smarak Bijnan 'O' Prajukti Mela , Kolkata.	January 2009
12.	North Bengal Industrial Fair 2009, Jalpaiguri.	February 2009
13.	Northern India International Trade Fair-09, Dehradun	February 2009

Tea Board also sponsored BANNER and GATE at the following events:

1.	All India Women's Conference , Kolkata	- July2008
2.	All India Women's Conference, Kolkata	- August 2008
3.	Kharigar Hat, Kolkata	- November 2008
4.	24 th Sunderban Yuba Mela- 2008, Canning Town	- December 2008
5.	Sunderban Kristi Mela 2009, Canning Town	- January 2009

Indian tea advertisements, with articles in some cases, were released in a number of national and other magazines, newspapers, supplements etc, highlighting tea as health and lifestyle beverage.

Iced Tea Campaign

An Iced tea campaign was launched in the summer of the financial year 2008-09. The electronic media was chosen for its reach and recall. An animated commercial was made indicating the simple method of making iced tea at home. Ten select matches of IPL cricket series were used for the launch because cricket matches are popular and enjoy good viewership. Other channels on which Iced Tea commercial was telecast were Discovery, Animal Planet, History, National Geography, Star Plus, MTV, Star Movies, Pogo, Sun TV and Set Max etc. The Iced Tea campaign on TV was telecast from May to July 2008.

Further, in order to convey information, particularly the fact that iced tea is easy to prepare with the ingredients available in every house, print became the preferred medium for such communication. Since daily newspapers are expensive and have a readership life of one day only health and lifestyle magazines were selected for communicating iced tea recipe. Boards ads were released in different magazines viz., India Today, Reader Digest, Travel Plus, Marie Claire, Health & Nutrition, Prevention, Graphiti, Grihalakshmi, Sananda & Chitralekha etc.

India International Tea Convention

The India International Tea Convention was held in Kochi, Kerala (South India) from the 19th – 21st February 2009. India, the largest producer of black tea in the world produces some of the finest quality orthodox and CTC teas. Tea Board of India and the United Planters' Association of Southern India (UPASI) under the aegis of the Consultative Committee of



Plantation Association (CCPA) organized IITC 2009 in collaboration with the Indian Merchant Tea Exporters Forum (IMTEF), the South India Tea Exporters Association (SITEA) and the Federation of All India Tea Traders Association (FAITTA). The IITC is being projected as a regular event in the international tea trade calendar. The Convention is aimed at reinforcing the salient and unique features of Indian teas to the tea fraternity across the world and offers a great opportunity to various buyers in the global tea market.

The Inaugural ceremony was held on the 19th February, 2009 afternoon and was preceded by the "The Golden Leaf India Awards" which is a special focus session on South Indian teas which has put in tremendous efforts towards further enhancing their quality profile. The prize winning teas of previous editions of TGLIA:STC from various tea growing regions of Southern India were also showcased at this convention. The business sessions of the Convention were held on 20th and 21st February 2009. A total no of 351 delegates attended the Convention with a sizable contingent of overseas delegates. This included an eight member Egyptian delegation. The venue for the Convention was the International Convention Centre of the Le Meridian Hotel in Kochi.

As one of the largest tea economies of the world, IITC provided a face to the Indian tea industry and a forum for interaction and showcasing of teas. This is all the more important because India grows tea in various geographical origins far apart from each other. One representative, "all India" event is required to be a one stop base for the entire industry.

In the business session on Key International Markets, papers were presented by Mr. Joe Simrany, Tea Association of USA, Mr. Marcus Wulf, Schroeder & Rudolph Hamann Germany, Mr. Pradeep Jeyathilak, Unilever UK Ltd, UK, Mr. Alexey Shvestov, Ormi Trade, Russia, Mr. Mohamed Heiza, Tea Consultant, Egypt, Mr. Mehdi Hariri, Moshk Boo Tea Co., Iran and Mr. Ghassan Gharbawi, Bluewave Footstuff Trading Co. LLC, Iraq.

6.2 Production of Publicity Materials and Gift Items.

The Directorate continued its regular functions of production and printing of promotional literature/items, catering to the request for publicity materials, tea caddies, etc., from the Board's foreign offices and Indian Missions abroad, interacting with the general public, domestic and

foreign press and other VIPs/Government Officials, prospective tea buyers, etc.

6.3 Tea Promotion in India.

With the slow down in the rate of domestic consumption of tea, increasing competition from other beverages and developments in the global arena, such as, the liberalized regime of imports under WTO obligations, there has been a revised focus of the Board on tea promotion in India.

The Board continued to maintain four Tea Bar/Buffets at Parliament House, Yojana Bhawan, Udyog Bhawan and North Block in New Delhi, a Tea Nook in Tirumala and Tea Room at Tamil Nadu Secretariat, Chennai, which presently function mainly as public relations platforms and serve high quality Indian teas at such venues, frequented by VIPs, foreign visitors and other guests. A new Tea Centre opened at Chennai Mofussil Bus Terminus (CMBT) has been functioning since April, 2004.

For running Board's Tea Center in Mumbai, M/s Basu Media who was appointed as Management Consultant from 1st June, 2002 to May, 2007 and continued to manage the Tea Centre on behalf of Tea Board till 30th April 2008. After a brief closure for renovation from 1st October 2008, M/s. Sai Food the newly appointed Management Consultant commenced managing the Tea Centre on Tea Board's behalf.

6.4 Delegations/Visitors from abroad.

The Board endeavors to maintain and improve trade relations between exporters and importers by direct contact and discussions. In bound delegations have been encouraged. During the year 2008-09 the Board received and organized the visit of the following delegations:-

A 06-member Egyptian delegation consisting of high officials from Trade/Industry visited South India from 18th to 24th February, 2009 for attending IITC. They subsequently visited Kolkata for a 3-day period from 25th to 27th February, 2009. As a tea promotional measure for the Egyptian tea market a Memorandum of Understanding (MoU) was signed between UPASI and Misr Import and Export Company for setting up of India Tea Promotion Centre at Cairo, Egypt. During the visit, the Egyptian delegate members had a series of meetings/



interactions with the Indian Tea Trade and Industry including visits to the Tea Gardens and Auction Centres to study E. Auction system in India.

6.5 Delegations/Deputations from India.

1. Ms. R. Sen, Deputy Chairman was deputed to Hangzhon, China from 30th March to 3rd April 2008 for attending tea Sub Committee meeting;.
2. Mr. B. Banerjee, Chairman, Tea Board led a trade delegation to Almaty Kazakhstan from 14th to 19th April 2008 for a Buyer-Seller Meet coinciding with Food Expo Kazakhstan;
3. Mr. B. Banerjee, Chairman, Tea Board led an Indian Tea Trade delegation to Hangzhou, China for IGG Conference on tea from 11th -17th May, '08. Mr. G. Boriah, DTD was a member of the Indian tea delegation;
4. Mr. B. Banerjee, Chairman, Tea Board accompanied Mr. Jairam Ramesh, Hon'ble Minister of State for Commerce & Industries to Cairo for a focussed tea testing session on 20th May, 2008. Mr. S. Mitra, DDTP was deputed to Cairo to organise the event;
5. Mr. A. K. Kala, Special Officer (NWI) was deputed to France to organise Tea Board's participation in Cannes Film Festival from 15th to 26th May, 2008. Mr. K.K. Phull, Under Secretary Ministry of Commerce was also deputed for the last 4 days for the event.;
6. Mr. S.C. Biswas, DDTP and Mr. S.K. Mitra, DDTP were deputed to Iran to organised Tea Board's participation Iran Agrofood Exhibition in Tehran from 25th to 28th May 2008;
7. Mr. B. Banerjee, Chairman, Tea Board led a trade delegation for a Buyer-Seller-Meet-cum-Special Tea and Tourism event in Las Vegas, USA coinciding with World Tea Expo in Las Vegas from 30th May – 01st June'08. Ms. R. Sen, Dy. Chairman, Tea Board also accompanied. Mrs. R. Datta, DTP was deputed to organize Tea Board's participation;
8. Ms. A. Ray, DTP and Mr. C. Bandopadhaya, statistician were deputed to Hong Kong for organizing Tea Board's participation in Hong King Food Expo from 14-18th August'08 as well as BSM coinciding with the exhibition;
9. Mr. B. Banerjee, Chairman, Tea Board led a trade delegation for Buyer-Seller-Meet coinciding with Fine Food Australia, Melbourne, Australia from 22nd-25th September'08. Mrs. R. Datta, DTP was deputed to organize Tea Board's participation;
10. Mr. P.K. Lahiri, Secretary, Tea Board and Mr. S.C. Biswas, DDTP were deputed to Beijing for organizing Tea Board's participation in China Tea Expo from 12th 15th October'08;
11. Ms. R. Sen, Dy. Chairman, Tea Board led a trade delegation for a Buyer-Seller-Meet coinciding with SIAL Paris from 19th-23rd October'08;
12. Mr. B. Banerjee, Chairman, Tea Board led a trade delegation for a Buyer-Seller-Meet coinciding with Fancy Food Exhibition, Chili from 23rd-25th October'08. Mr. S.K. Mitra, DDTP was deputed to organize Tea Board's participation;
13. Mr. S. C. Biswas, DDTP was deputed to Ukraine to organize jointly with DTP, Moscow for Tea Board's participation in World Food Ukraine from 20th – 21st October'08;
14. Ms. R. Sen, Deputy Chairman was deputed to Tehran, Iran from 31st October to 4th November 2008 as member of the high level Indian delegation for attending India- Iran Joint Commission meeting;
15. Mrs. Y. Ray Chaudhuri, FA & CAO was deputed to Hungary to organize jointly with DTP, London, Tea Board's participation in Foodapest Hungary from 18-20th November'08;
16. Mr. P.K. Chaudhery, secretary to the Heads accompanied by Mr. B. Banerjee, Chairman, Tea Board, led a trade delegation for a BSM and several official meetings in Tehran, Iran from 2nd to 6th January'09;
17. Ms. R. Sen, Deputy Chairman accompanied Mr. P.K. Bordoloi, Industries and Power Minister, Govt. of Assam, for a study tour by small tea growers of Assam to Kenya from 10th to 17th January 2009;
18. Mr. B. Banerjee, Chairman, Tea Board led a high level trade delegation for a BSM coinciding with Prodexpo, Moscow from 9th-13th February'09;
19. Ms. R. Sen, Dy. Chairman was deputed to Germany to organize jointly with DTP, London Tea



Board's participation in Bio Fach, Nuremberg, Germany from 19th – 22nd February'09;

20. Mrs. N. Datta, Publicity Officer accompanied by Mr. R. Kanojia, Asstt. Director, MOC were deputed to Dubai for organizing jointly with DTP, Dubai Tea Board's participation in Gulf Food Exhibition and Buyer-Seller-Meet from 23rd-26th February'09;

21. Mr. R. D. Nazeem, Executive Director, Coonoor and Mrs. A. Ray, DTP were deputed to Japan for organizing Tea Board's participation in Foodex, Tokyo, Japan and BSM from 3rd-6th March'09;
22. Mr. V.D. Alam, Director, MOC was deputed to London to organize jointly with DTP, London Tea Board's participation in IFE from 15th-18th March, 2009.

6.6 Overseas

Export of tea from India to some major destinations:

Name of the Country	2008-2009			2007-2008		
	Qty (M.Kgs.)	Value (Rs. Crs.)	UP (Rs.Kg.)	Qty (M.Kgs.)	Value (Rs. Crs.)	UP (Rs.Kg.)
Russia	36.75	392.65	106.84	44.28	377.54	85.27
Kazakhstan	9.76	131.49	134.79	10.81	111.05	102.71
Ukraine	1.58	15.31	97.93	1.46	11.03	75.52
Uzbekistan	0.06	0.71	120.66	0.07	0.81	114.44
Other CIS	0.55	8.50	153.34	0.35	7.13	202.11
Total CIS	48.70	548.66	112.67	56.97	507.56	89.09
UK	18.64	212.64	114.07	17.94	166.51	92.83
Netherlands	2.53	57.19	225.89	2.69	46.04	171.39
Germany	4.28	90.79	212.37	5.74	97.27	169.37
Ireland	1.49	33.58	225.97	2.15	38.56	179.78
Poland	2.99	38.33	128.11	4.45	38.09	85.68
U.S.A.	8.89	153.40	172.47	9.90	135.19	136.61
Canada	1.70	30.71	180.30	1.22	14.61	119.27
U.A.E.	21.66	275.85	127.37	25.91	253.89	97.99
Iran	13.92	196.22	141.00	14.04	154.70	110.15
Iraq	6.61	80.17	121.30	0.05	0.41	87.96
Saudi Arabia	3.11	35.93	115.50	1.99	17.13	86.04
A.R.E.	12.73	99.10	77.87	7.59	49.66	65.40
Turkey	0.08	1.05	129.17	0.06	0.70	111.87
Afghanistan	12.81	92.91	72.52	6.80	36.82	54.11
Singapore	0.30	7.03	234.26	0.38	6.96	181.28
Sri Lanka	4.37	48.28	110.51	4.86	39.82	81.98
Kenya	1.84	11.52	62.57	3.28	16.61	50.67
Japan	2.78	69.52	249.82	2.37	50.34	212.13
Pakistan	7.91	60.38	76.33	5.49	30.21	55.04
Australia	4.86	114.55	235.74	5.08	96.24	189.45
Other Countries	8.44	123.98	146.82	6.36	91.36	143.72
TOTAL:	190.64	2,381.79	124.94	185.32	1,888.68	101.91



Board's overseas Offices play a strategic role in developing markets and promoting Indian tea in these countries. The aim is to increase sales, exports and market share of Indian teas by building long-term and mutually beneficial relationships between Indian exporters and overseas buyers for commercial advantage to the Indian tea industry

LONDON OFFICE

Major Activities & Initiatives

Tea Board's London Office organised and participated in a series of Market Promotion events directed at different sections of the consumers and business interest. For purposes of a sustained approach as well as variations in consumer demands, the broader European market was segmented into 3 major focus areas – the relatively settled UK / German Market ; and the potentially high growth markets of Poland, Hungary, Czech Republic and France and the small emerging markets of Spain and Italy. Such a segmentation was also necessitated in view of limited financial resources at the disposal of the office.

Fairs & Exhibitions

Participation in Food & Beverages exhibition continued to be one of the major promotional activities. Accordingly the London Office organised exporters participation in the following events:-

- | | |
|---|---|
| 1. International Food Event
(IFE) at Warsaw, Poland | 19 th to 21 st May, 2008. |
| 2. SIAL, Paris | 19 th to 23 rd October, 2008 |
| 3. International Food Event (IFE)
at Budapest, Hungary | 18 th to 20 th November,
2008. |
| 4. Bio Fach, Nurenberg, Germany | 19 th to 22 nd February,
2009. |
| 5. International Food Event (IFE)
at London | 15 th to 18 th March, 2009. |

Consumer Awareness and Logo Promotion

1. Apart from participation in Fairs & Exhibitions which were targeted more at business, The London Office also organised and participated in events which focused on consumer awareness , logo promotion and protection of brands & origins of Indian teas. With the above objective in

mind a number of events beginning 20th August'08 were organised at The Nehru Centre in London under the title "Magic of the Leaves". The events targeted invitees from London based foreign missions, the tea trade, UK government organisations & business bodies, the academia and others. Jane Pettigrew a tea writer, historian and consultant was invited as the lead speaker for the events. The talks ended with blind sampling of some of the Indian teas – with the audience invited to identify the teas being served to them.

2. As part of the second leg of "The Magic of the Leaves" Programme, the Tea Board of India sponsored a series of tea events in junior schools linked to Amber McCarroll's wonderful stories called 'Fairy Teatime Tales' and with inputs from Jane Pettigrew, tea specialist and writer. Fairy Teatime Tales are written as letters and are colourful stories told over cups of tea. They also include information about our environment and give children a sense of their positive role in the natural world. The events sought to achieve the following:

- to introduce the fun of tea-time and tea drinking through Amber's stories;
- to raise the children's awareness of the world of Indian teas;
- to share the joy of tea time with the children

Jane talked to the children for 10-15 minutes about what tea is and about tea from India, with images and stories of the life of children who live on tea plantations in India, etc.

Consumer Fairs

As part of the consumer awareness drive, the Tea Board London Office also participated in the following 3 events:

- Healthy Living Exhibition , Dublin - 29th June'08
- Accenta fair at Ghent, Belgium-15th to 21st September'08
- Commonwealth Fair, London 7th & 8th October, 2008

Logo Promotion Through Gift Packs

Tea Board London Office also initiated steps to have various Indian Missions situated in the EU zone accept the idea of gifting Indian tea as part of their regular PR activities



and more specifically during the Christmas & New year season. Gifting of Indian tea specially by Head of Missions would hopefully help spread some good word about Indian teas among a distinguished section of the local population.

Pesticide Residues

Europe, specially the EU, is a major export destination for high value Indian tea. The Pesticide Residue Regulations in the EU could possibly have a curtailing effect on export of Indian tea to Europe. Keeping the risk involved, the Tea Board continued to engage the stakeholders through German Tea Council and the International Tea Committee in order to ensure that the interest of Indian exporters are protected. Efforts are also on to build consensus on the permissible levels of the residues & the methods of measuring the same.

Certification Trade Mark (CTM Scheme)

The Tea Board of India has introduced the Certification Trade Mark Scheme for the purposes of ensuring that the value & cache that is attached to Darjeeling tea is protected. This scheme also aims to ensure that the tea which is claimed to be Darjeeling is authentic anywhere in the world, whether offered in bulk or retail packs. Building on the registration of "Darjeeling logo" & also the word "Darjeeling" as a CTM under the Trade Marks Act 1999, and the registration of the logo as well as the word " Darjeeling" under the Geographical Indications of Goods (Registration & Protection) Act, 1999 the Tea Board is now pushing for international acceptance of Darjeeling tea as a GI. As efforts are on to implement a Darjeeling CTM programme with the UK buyers. London Office of the Tea Board continued to facilitate negotiations through the UK Tea Council.

Market Conditions & Export Performance

The general economic condition within UK continued to be grim. Britain's economy having suffered its most vicious slump since 1936, shrinking by a drastic 2.8% in the year ending Dec'08 as per a European Commission report.. As per the latest figures released by the European Commission, economic growth fell to about 1% in both EU and the Euro zone (down from just below 3% in 2007) during 2008.

The general economic conditions have taken their toll with a number of bankruptcies and a whole host of companies going under administration. The most poignant

one has been the closure of retail giant Woolworths with a country wide network of over 800 stores. Closer to the tea world, Whittards of Chelsea the tea retailer and Wedgewood the fine China retailer, went under administration.

UK

UK is the 2nd largest importer of tea and accounts for 9% of world imports. Kenya and Malawi account for over 49% of imports while India, Indonesia, Sri Lanka and China account for another 16%. In value terms, these 6 countries account for 74% of imports. India realises the highest unit price per kg vis-à-vis Africa and Indonesia. Tea has the highest per capita consumption (3 units/head), compared to other beverages. 69% of the population over age 10 drinks tea daily. UK imports an average of 156 mn kgs tea valued at USD 273 mn, India exported 18.64 m. kgs of tea to UK in 2008-09.

Product quality, as defined by the end consumer, is tea colour and liquor strength. Compared to other suppliers, Kenya supplies the best quality teas at the least cost. Hence Importers prefer Kenyan teas in blends. However, the end consumer perceives higher brand equity in Indian (Assam, Nilgiris and Darjeeling) and Ceylon teas. Teas of African origin have low consumer mind share, as they go into blends, not stand-alone brands. Indian tea, because of seasonal availability, increases working capital costs of blender importers.

Germany

Tea imports into Germany in the last few years had increased gradually but declined to 4.28 m. kgs. in 2008-09 from 5.74 m kgs in 2007-08. Germany is one of India's top five markets. It is a quality conscious premium market. India derives a substantial premium compared to other origins. Germany consumes about 55% of imports and re-exports the remaining 45%. Germany is mainly a cold beverages market, and within hot drinks, tea accounts for ~ 11%. Coffee and new tea forms like herbal & fruit tea are the major threats to tea. However, tea is perceived to be a premium product, and consumer tastes are sophisticated.

Black tea accounts for 85% of Germany's imports. Most of the tea is orthodox / leaf variety. Indian tea enjoys a high brand equity. India, Sri Lanka, China and Indonesia account for 71% of imports.



Unlike the rest of Germany, tea is the national drink of East Friesland (located in North Germany) for over 300 years. Per capita consumption of tea in East Friesland is about 3 kg. This is substantially higher than the German average of 250 gm. Consumers drink a minimum of 3 cups of tea, on each occasion. This region has the highest per capita consumption of Assam Tea.

France

France imports around 16 m. kgs of tea. The main exporting countries are China, Sri Lanka and UK and Benelux countries, the last two being non producing re-exporting countries. This indicates that there is scope to develop direct exports especially in the value added format. France has also been indicated as a focus market for Darjeeling and is included in the global promotion plan for Darjeeling tea. The French are inclined towards consumption of healthy food and drinks. While tea bags and convenience products are the most favoured forms amongst consumers, tea drinking is expected to grow.

U.K. Tea Council

DTP participated actively in all the meetings of the U.K. Tea Council to further the interests of Indian tea and safeguard Darjeeling CTM as well as on various issues relating to tea trade and market promotion.

German Tea Association / Tea Council

DTP participated actively in the meetings of the German Tea Council. On the pesticide residue issue India's views were stressed.

MOSCOW OFFICE

Tea Board Moscow Office looks after the publicity and promotion of Indian Tea in the Region of the Russian Federation, CIS countries that include Ukraine, Belarus, Kazakhstan, Armenia, Azerbaijan, Turkmenistan, Uzbekistan, Kyrgyzstan, Tajikistan, Georgia and Moldova and the Baltic countries of Latvia, Estonia and Lithuania. The activities during the year were centered on the more important markets of Russia, Kazakhstan, Ukraine, and Uzbekistan.

Fairs & Exhibitions

During the year under review, Board's Moscow office participated in the following exhibitions :-

1. Food Expo, Almaty, Kazakhstan (15 – 18 April 2008)
2. World Food Moscow (23 -26 September, 2008)
3. World Food Kiev, Ukraine (28– 31 October 2008)
4. Prodexpo, Moscow 2009 (9 -13 February 2009)

Other Activities:

Rusteacoffee organized the First International Tea Symposium in Moscow where Tea Board was the major sponsor. Several activities were organized focusing on Indian tea.

Moscow Office participated in Moscow International Travel and Tourism Fair 2009 from 18 – 21 March 2009.

Moscow office also participated in 'Indo Russian Food Festival on 21st January 2009, at the Indian Embassy school premises.

As a part of furtherance of co-operation and goodwill the 14th Session of Indo-Russian Inter Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation was held on September 29-30, 2008 in New Delhi, India. DTP attended the deliberations

Russia

Russian Federation, with a market size of about 173 Million Kg is one of the biggest markets for Indian tea exports (in volume terms). Assam orthodox teas are competing as well as the Sri Lankan orthodox teas on the quality front. Assam CTC teas are also doing equally well with the growth of the tea bag segment. Russia has been enjoying unprecedented economic prosperity for the last decade, driven by their political stability and booming oil, gas and metal sectors. The affluence at least in the urban centers has translated into high purchasing power of the Russians. The Russian consumer is now becoming more quality conscious, demanding and is ready to pay a higher price for the product of choice. This has meant an increase in the demand for better quality Indian tea in attractive packets. There is a gradual shift from the modest quality South Indian teas (Nilgiris) to the better quality North Indian tea (Assam and Darjeeling).

Challenges that Indian tea faces in Russian market differ from segment to segment. In the orthodox teas-premium segment, Indian teas are losing to Sri Lanka on the physical appearance and image front as the average Russian



consumer still perceives the Sri Lankan teas to be of better quality than the Indian teas. In the orthodox teas- economy

segment, Indian teas both North and South Indian have not been able to match the cheaper prices offered by Indonesia and Vietnam where teas are plucked and processed in a non plantation nature of industry and thus there are cheaper labor wages against the high social overheads which plantations have to cope up within India. In the CTC tea segment (used in tea bags), Kenyan teas are competitively priced and of good quality due to their lower labor wages and younger tea bushes.

Indian tea export to Russia declined from 44.22 million kilograms valued at Rs.377.54 Crores in 2007-2008 to 36.75 Million Kilograms in volume valued at Rs.392.65 Crores in 2008-2009.

Kazakhstan:

Out side Russia Kazakhstan is the largest of the former Soviet republics, with strong tradition of tea consumption and high per capita consumption. Tea accounts for the greatest proportion of hot drinks sales in Kazakhstan, being a traditional drink consumed at a social level. While black standard tea accounts for the greatest share, there is evidence of increasing interest in products with a healthy positioning. There is growing sales of green and black specialty teas

Kazakhstan is the only CTC market in CIS with an annual import of 24 m. kgs. of high valued tea.. Even though the Indian brands are very popular, Kenyan Tea is fast gaining ground. Kenyan teas are competitively priced and of good quality due to their younger tea bushes.

Ukraine :

Ukraine which is a traditional tea consuming country is the third important market in terms of volume and value. The annual volume of the Ukrainian tea market amounts to approximately 22 m. kgs. with per capita consumption of approx. 400 - 600 grams. Black tea accounts for 80% of the total tea sales while green tea share is approximately 20 % and the demand for green tea is increasing in large cities.

DUBAI OFFICE

The Dubai office of Tea Board looks after the promotion of Indian tea in the West Asia and the North African region.

The region covers the countries of UAE, Saudi Arabia, Iraq, Iran, Syria, Jordan, Morocco, Algeria, Tunisia, Libya, Sudan, Kuwait, Qatar, Bahrain, Oman, ARE, Lebanon and Yemen. Pakistan and Afghanistan have been recently added to the responsibility of the Dubai Office. This office also handles trade enquiries from Turkey and South Africa. The Board's Dubai office carried out the following activities to promote Indian tea, enhance demand of Indian tea and increase market share:-

Field Promotion and Media Campaign

Field promotion activities include participation in Fairs & Exhibitions, organizing buyer-seller-meets, market survey including collection of tea prices & statistical data for the benefit of exporters & respective Govt. agencies, regular interaction with tea importers, keeping constant touch with Indian Missions in different countries for logistic support, analyzing the customers' choice of tea and its price, etc.

Media campaign includes creating awareness about the different "Logos" of Indian tea, and the distinct varieties of tea which are available in India.

In addition to the above, Tea Board being the trade promotional organization also participates in the different meetings/workshop of Indian Business & Professional Council/ Dubai Chamber of Commerce. Continuous contact is maintained with the importers, both locally and in other countries of the region. The office serves as an interface between the buyer and seller of Indian tea, deals with trade enquiries for supply of Indian tea and has available information regarding auction prices and the Indian tea traders for the convenience of buyers.

Board's Advertisements

On the occasion of India's Independence on 15th August 2008 Dubai office released advertisements in Khaleej Times, the leading news publication of the UAE. Advertisements were also released in the Middle East Food Magazine, May 2008 issue and in the Dubai Commercial Directory 2008-09. Membership of 'IBPC (Indian Business & Professional Council) was also renewed.

Fairs & Exhibitions

During the year under review, the following fairs were held in the countries under Dubai office jurisdiction.



- Iran Agro Food 2008, Teheran, Iran 25th -28th May, 2008
 - Gulf Food 2009, Dubai, UAE 23rd -26th February, 2009
- Other events included a focused Indian Tea Tasting in Cairo. The event was graced by Hon'ble Minister of State for Commerce & Industry, Mr. Jairam Ramesh.

Export of Indian tea for last three years in WANA countries are as under :-

Year	2006		2007		2008	
	Qty.	Value	Qty.	Value	Qty.	Value
	78.10	5836	49.38	4768	71.71	7942

(Source: Tea Board, Kolkata)

Type of teas imported by WANA countries: -

- Middle East: Largely orthodox but now CTC is also gaining acceptance in countries like Saudi Arabia and Iran. In UAE, domestically CTC is popular due to the large expatriate population from India and Pakistan;
- Egypt: CTC Dust and Broken;
- Libya: Black Tea-Orthodox and Green Tea;
- Tunisia: Orthodox –Black & Green Tea;
- Morocco: Green Tea.

Competition: -

Middle East market is very competitive in terms of price and quality. Tea is drunk largely without milk and the appearance and colour of tea is the basis for assessment of quality. Being a major tea consuming area, quality issues, seasonality of supply, cost considerations and increasing competition from Sri Lanka and Kenya are some of the factors which have affected exports of Indian tea to some of the countries in this region. It has however, been noticed that in some countries preferring Orthodox teas like Iran, Syria, Saudi Arabia, there is a growing segment for CTC teas which India can target.

Country wise export :

(Qty. in Th. Kgs.) (Value in Th. Rs..)

Name of the Country	2008		2007		2006	
	Qty	Value	Qty	Value	Qty	Value
(a) North Africa						
A. R. E.	15040	1117533	5144	331740	2751	210013
Libya	177	17998	15	1187	55	3622
Tunisia	2999	223119	320	17609	304	14528
Morocco	-	-	6	1314	-	-
Sudan	18	2684	44	5252	-	-
Sub – Total (a)	18234	1361334	5529	357102	3110	228163

Table Contd.



(Qty. in Th. Kgs.) (Value in Th. Rs..)

(b) West Asia						
Iran	15898	2100032	13139	1457031	8667	907508
U.A. E.	24803	2825260	24551	2437456	21884	2198195
Qatar	436	62015	261	33855	264	55047
Kuwait	360	42901	329	35769	358	46011
Iraq	6652	880723	2537	133826	41334	2119222
Saudi Arabia	3398	374468	1562	136388	1063	105655
Bahrain	131	22616	188	29288	161	28829
Muscat	258	35451	175	20299	179	24132
Jordan	91	6513	7	525	15	1697
Yemen	414	30276	304	21164	523	34916
Turkey	110	11642	144	11273	160	12384
Israel	628	161260	505	85063	253	65404
Lebanon	20	4771	-	-	7	534
Syria	282	23667	154	9121	127	9060
Sub – Total (b)	53481	6581595	43856	4411058	74995	5608594
Total	71715	7942929	49385	4768160	78105	5836757

(Source: Tea Board, Kolkata)

While there had been a steady increase in exports of Indian tea to the WANA region till 2006, they took a sharp downturn in the year 2007. This was primarily due to the significant decrease in exports to Iraq from 41 million kgs in 2006 to only 2.5 million kgs in 2007. This was largely due to quality issues. The exports have again started picking up in 2008. There was an increase in exports in 2008 to most of the countries in the WANA region. There was however, a decline in exports to Morocco, Bahrain, Turkey and Sudan. Exports to Egypt, Saudi Arabia and Tunisia have increased significantly.

UAE

UAE follows a very liberal trade policy with no protective tariff or non-tariff barriers on imports and there is an absence of corporate tax, sales tax and personal tax. Besides, the region's food and beverage industry has been one of the

fastest growing worldwide, particularly since over 90% of the Gulf's food is imported. Dubai is the hub of tea trade in UAE. Large volumes of tea are currently transacted through Dubai, both physically cleared into Dubai and re-exported as well as trans-shipped through Dubai ports. Tea is re-exported to markets like Iran, Iraq and Saudi Arabia, besides other Middle East and CIS countries

According to Dubai Port & Customs' figures, in 2008, in Dubai, 1.49 million kgs of tea were imported into Dubai, of which Indian tea accounted for 27 million kgs. The Jebel Ali Free Zone is treated as a separate country/entity by the Customs Authorities while compiling their figures and therefore the teas cleared from Jebel Ali into Dubai are reflected as imports of tea into Dubai. Of the total imports of tea cleared into Dubai, 1.5 million kgs was green tea while 1.475 million kgs was black tea. There has been considerable increase in



imports of green tea from 0.38 million kgs in 2004. Many of the big tea companies/packing units, including Lipton are located in the Jebel Ali Free Zone, and source their tea there for packing. Besides, some Indian tea companies have also become members of the Dubai Tea Trading Centre (DTTC) and are stocking and re-exporting their teas from the DTTC warehouses in Jebel Ali.

The UAE market is largely dominated by Lipton, which has nearly 70% of the market share. More than 20 brands vie for the remaining share of the market. UK based Newby Teas also stepped into the Middle East market some time back. The company, which markets itself as a "Super Premium" tea brand, launched its Dubai based Middle East headquarters. It is reported to be aiming at a \$50 million share of the Middle East's tea market in the next five years. While the UAE domestic market for tea is not very large due to the small population, the market as a centre for tea re-exports is very large. This market is largely a CTC market preferring mainly the Assam CTCs among Indian teas. However, while in packet tea, pure Assam CTCs are available, the tea bag market comprises largely blends of Indian and Kenyan teas or pure Sri Lankan tea. The main problems facing Indian tea in this region is the quality of tea and the inconsistency of supply through the year due to seasonality of production. This has enabled other origins like Kenya besides Sri Lanka, to find increasing acceptance in this market.

Dubai Tea Trading Centre :

The Dubai Tea Trading Centre (DTTC), a subsidiary of the Dubai Multi Commodities Centre (DMCC), located in Jebel Ali, has created another international hub in the region for trading in tea. The Dubai Tea Trading Centre (DTTC), a division of the Dubai Multi Commodities Centre (DMCC), unveiled its new centralised tea storage, blending and value addition services as part of its expansion plans to accommodate the growing activities of the centre. The new facility was inaugurated by Jamal Majid Bin Thaniah; Executive Vice Chairman, DP World and Group CEO, Ports Customs World; and Salma Ali Saif Bin Hareb Chief Executive Officer - Economic Zones World. The 23,731 square metre facility in Jebel Ali Free Zone also includes office space for regional and international tea companies.

DTTC's new facility offers services across the entire

value chain of the tea industry ranging from storage, tea tasting, blending, packaging as well as networking opportunities leading to increased trade. The new facility also provides dedicated individual storage space, free storage for a limited period of time, and temperature-controlled blending and packing facilities for a wide range of teas under one roof.

This new facility – a one-stop solution for the tea industry - will further boost tea traded through Dubai, contributing to the ongoing diversification of the Emirate's dynamic economy.

DTTC's success is demonstrated by Dubai's encouraging tea growth, which is evident from the growing tea trade. In 2008, Dubai's total tea trade reached 148.6 million kilos, compared to 144.6 million kilos in 2007. In the same period, 5.92 million kilos of multi-origin teas were transacted through the DTTC, representing an annual growth of 15 per cent.

The DTTC presently stocks teas from 13 producing countries, including Kenya, India, Sri Lanka, Indonesia, Malawi, Rwanda, Tanzania, Zimbabwe, Ethiopia, Vietnam, Nepal, China and Iran. In keeping with its mandate to further increase the tea trade in and through Dubai, the DTTC also facilitates sales with buyers in the GCC countries, Iran, Iraq, Jordan, Morocco, Pakistan, Afghanistan and the CIS countries and has plans to expand its services to other Middle East and European markets.

It is estimated that nearly 40% of the tea transacted through DTTC in 2008, was Indian tea. The Centre, continues to remain a platform that puts buyers and sellers together and they do not set prices nor do they take part in the negotiations and there are no plans as of now for it to develop into a full fledged auction centre for tea.

Arab Republic of Egypt

The Arab Republic of Egypt has traditionally been one of India's most important trading partners in the African continent. It is also one of the major tea consuming countries in the WANA region, importing more than 75 million kgs of tea annually for consumption.

The per capita tea consumption in Egypt is nearly 1 kg per annum. CTC teas are preferred in this market, mainly the Dust grades. The country has been a big market for Indian teas in the past, with exports of Indian tea crossing 18 million



kgs in the 1980s. However, with Egypt becoming a member of COMESA in 1998-99, the duty structure of 30% for Indian and other origin teas vis-à-vis free import of Kenyan and African teas, led to a substantial decline in the quantity of Indian teas exported to this market.

Import duty on tea in Egypt was reduced to 5% in 2004 and Indian tea started re-entering the market with 367,000 kgs being exported in 2005 as per Tea Board figures. Dubai office made persistent efforts by participating in fairs, organizing buyer-seller meets, renewing contacts with major importers, meeting Government authorities, arranging media publicity, in an attempt to reestablish the presence of Indian tea in this market. In February 2007, import duty on tea was further reduced to 2%. Indian tea exports to Egypt increased nearly doubled to 12.73 million kgs in 2008-09, from 7.59 million kgs in 2007-08. An Indian tea packet called "Rawaa Tea" has also been launched by an Egyptian company in Egypt.

Public Sector imports account for a substantial share of the total tea imports into Egypt. Nearly 24 m. kgs. are imported annually by the Government of Egypt for public distribution purposes. The General Authority for Supply Commodity (GASC) is the body responsible for deciding the quantity of tea required by the Govt. and the same is procured through two public sector organizations viz. M/s El Nasr Export & Import Co. and M/s Misr Export & Import Co. These companies import about 2 m. kgs. each month.

Iran

Iran is a major consumer of tea. It is also a tea producing country having about 34,000 hectares under tea plantation. In 1998 more than 65 million kgs of tea was produced in Iran. The production has been declining and has come down to 17 million kgs in 2007 with some tea factories shutting down.

As per ITC statistics, legal imports of tea into Iran stood at 50.7 million kgs. in 2007. This however, does not include the substantial amounts of tea which are smuggled into the country. While import of packet teas less than 10 kg in weight is banned, an import duty of 30% is levied on bulk tea imports. A concessional duty of 4% is charged for imports of tea against purchase of domestic tea. Sri Lanka is the main supplier of tea to this market. India exported about 14 million kgs to Iran in 2008-09. Iran prefers orthodox tea, specially the Assam

Second Flush teas, however, there is also a growing segment of CTC teas. Already Kenyan tea packets are becoming visible in the market and some importers feel that the Kenyan CTC is better than the Indian CTC in colour and strength and the fact that it is available throughout the year. They also feel that Kenyan tea retains its flavour even after two years while Indian tea loses it within months.

Recent developments in the import policy with regard to tea have been of concern to the Indian tea industry. A new quality requirement, viz. the Plant Master File Requirement, which is basically GMP/HACCP, has been imposed by Iran which requires each supplier of tea to register with the Health Authorities after filling in the designated form and paying a one time registration fee of US\$ 7000. This requirement was imposed by the Iranian Govt. originally from 23 Nov 2006.

Indo-Iran banking transactions under ACU Mechanism

The information relates to the Indo- Iranian trade that has all along been conducted under ACU Mechanism and the underlying currency was known as ACU Dollar which was equivalent to a US Dollar. SBI is the sole bank authorized to deal under this mechanism and is the principal correspondent of 10 major govt. owned Iranian banks. The modalities of ACU Mechanism, are that the Iranian banks open a LC on SBI, which is then advised by one of its branches and the reimbursement under the LC is also done by SBI. The Iranian correspondent banks of SBI have US Dollars accounts opened with one of the branches of SBI in Mumbai and the payments to Indian Exporters was being made through this account. The Iranian banks' accounts were funded by Central Bank of Iran, through Reserve Bank of India. The major attraction in doing business through this mechanism is the fact that there is a kind of implicit sovereign guarantee available for funding of these accounts and there was no question of any default happening since Central Banks of the respective countries are involved in funding the accounts of banks of the member countries.

Beginning from Feb 2006, US Treasury over a period of time has been sanctioning individual Iranian banks by cutting them off from the US financial system. This meant that no dollar related transaction could be cleared in US in respect of the sanctioned banks. Finally, in October 2008, US decided to



clamp down on all Iranian banks and cut them off from US financial system. This meant from the date of the US Treasury order, SBI decided not to advise any LC opened by Iranian banks in US Dollars but was honoring claims of Indian exporters in respect of LCs opened before the date of US Treasury order, subject to availability of funds in the Iranian banks accounts with SBI. RBI had advised SBI that they would not be in a position to fund the Iranian banks accounts anymore. The only alternative then was that Iranian Banks could open LCs in Euros, which were being advised by SBI but these transactions would be out of the purview of ACU Mechanism since Euro could not be used as a currency in the mechanism and the reimbursement of the Indian exporters was to be made by the Iranian banks Euro correspondents directly.

In the meantime, there was proposal which was mooted in the ACU General Body Meeting seeking to introduce Euro as an alternate currency in the ACU Mechanism. This proposal was approved and ACU members countries decided that Euro would be additional currency in the ACU Mechanism w.e.f January 1, 2009. Accordingly, the instructions regarding introduction of Euro as an additional currency were received by SBI from Reserve Bank of India advising them to do the needful. SBI says that it also needs some time to put in place the process of settling claims in Euros as it entails opening Euro accounts of Iranian banks.

Tunisia

Republic of Tunisia is a small country situated between Algeria and Libya with a total population of about 11 million people. Tea drinking along with coffee is a popular pastime. Tea is drunk without milk but with plenty of sugar and with a hint of mint. It is consumed both in green and black varieties. The Tunisians prefer strong tea with flavour which are medium grown. Sometimes they brew tea more than once from the same leaf. While the Tunisian population is small, this is supplemented by the tourist arrivals which were estimated at 6 million during 2007. Tunisia imported about 10.3 million kgs in 2008, with 4.6 mkg from Sri Lanka, 3.1 mkg from China and 2.6 mkg from India. In 2007 India had exported only 219 MT and the exports have risen exponentially. The Breakup is about 8 million being black tea and 2 million being green tea. Office du Commerce de La Tunisie (OCT) is the sole tea importing agency in the country. They import in bulk and have their own

packaging plant where tea is packeted in their brand for local consumption. Some tea is also packeted by private companies for the local market. However, the tea used in these packets is imported by OCT for the local companies when there is a requirement. These are largely fannings for tea bags and amounts to a very small quantity of about 45 MT only.

OCT procures about 10 million kgs of tea annually of which 8 million kgs are black and 2 million kgs are green. The types of tea bought by OCT are OP, BOP, FBOP I and FBOP II. They float two tenders during a year for purchase of tea- once in November and once in April/May. These tenders are circulated to exporters registered with them. In order to register with OCT, the exporter has to send them all details of their company, including company profile, production/exports done for the last five years, credit worthiness from the bank and the certificate of registration with Tea Board of India. Once they receive all the documents, they conduct their own enquiry regarding the company. There is a Procurement Committee, comprising of members of different ministries including Finance Ministry, Central Bank etc., which meets to decide on which exporters to register after considering the documents. The tea specifications for the tender are then sent to the registered exporters to sign. Presently only three-four Indian companies are registered with OCT. Most of the others registered with them, have since been blacklisted due to quality issues. OCT has indicated their willingness to register more Indian companies who approach them with necessary documents.

Morocco

Morocco, is an important tea consuming country in the region, being one of the main consumers of green tea, with little consumption of black tea. The country imports around 50 million kgs of tea annually, of which more than 99% is green tea. India too had exported some small amounts of tea to Morocco in the past. Until 1993, the import of tea into Morocco was totally in the hands of the Government through Office Nationale de The et du Sucre (ONTS). ONTS was importing tea from China, Indonesia, Sri Lanka and India. Since liberalization in 1993, ONTS has ceased to import tea from India and Indonesia. At present the primary source of tea import is China. Best grades of green tea are gunpowder followed by chumnee and then sournnee variety of tea. Revival



of Indian tea exports to Morocco has been taken up with the DG of SOMATHES (previously ONTS) through the Indian Embassy in Morocco. It is learnt that though China has a monopoly in tea export to Morocco, SOMATHES is keen to find alternative sources of supply. The Govt. is also in the process of privatizing SOMATHES, and M/s Tata Tea is one of the companies which have shown interest in taking over SOMATHES.

Yemen

Yemen was a coffee exporting country for many years, but due to qat (a narcotic substance) cultivation in rural areas, the export and the popularity of Yemeni coffee dwindled and drinking of tea has become very popular. Yemen is another big tea consuming country in this region. Yemen imported 16.45 million kgs of tea in 2007 with Kenya accounting for 15.68 million kgs. Imports from India and Sri Lanka were 326000 kgs and 89500 kgs, respectively. A large quantity of tea is re-exported from UAE too. The tea consumed is mostly the dust grades. There is no restriction on import of tea into Yemen. The customs tariff on tea includes customs duty of 5%, sales tax 5%, consumption tax 3%, profit tax 1%:- total rate 14%. With about 22 million population growing at the rate of 3.7%, this market has potential.

Market Analysis

Most of the important markets like Iran, Libya, Egypt, Iraq and Morocco are undergoing a process of economic liberalization and the role of their respective Government buying & distributing agencies are getting marginalized. Private importers and distributors have started playing progressively bigger roles. Private trade in tea is now possible even in countries like Libya and Iraq which were earlier totally dependent on Government buying. Even countries like Iran which otherwise do not allow import of packet teas into the country, allow the same in their Free Zone for re-export. Opportunities offered in Free Zones in Turkey, Iran, Kuwait, UAE etc. provide a possibility of joint ventures which Indian tea companies may like to explore.

The Major players of tea in the Middle East want a very different product from what is the norm in Europe and the West. Teas in demand in different markets of the WANA region range from cheaper CTC dust grades and broken to higher quality Assam Orthodox tea. Export trade has to cater to very different markets and requirements. The market

however, remains very price sensitive and it is price, quality and appearance which determine demand rather than origin.

The Retail loose tea sale in the WANA region is gradually coming down. Packet teas and Tea bags are becoming popular. CTC segments are emerging even in those countries like Iran and Syria, which traditionally preferred orthodox teas.

Most of the countries in this region are becoming progressively brand conscious. In the supermarkets and the departmental stores and in the perception of consumers the competition is more among different tea brands rather than in terms of different countries of origin. However, in some countries like Syria, Saudi Arabia, Turkey, etc. origin still matters.

Setting up of free trade zones like the Jebel Ali Free Zone has encouraged value addition and large tea companies are setting up operations in the Middle East. In UAE, tea bags that were once sourced entirely from the UK are now being produced in the Jebel Ali Free Zone (JAFZA). UAE has in fact even started exporting it in the region and has become one of the big producers of teabags in the world. Platforms like the Dubai Tea Trading Centre (DTTC) which has upgraded its facilities to include centralized tea storage, blending and packing facility, facilitates multi-origin teas being available in one place and are also encouraging packing operations to be centralized in Dubai. Private entrepreneurs in countries like Egypt, Saudi Arabia, Jordan, Oman & Syria are also setting up their own blending and packaging facilities to produce their own brands of tea. Even in Iran, Lipton has set up a packaging factory while brands like Alokzay too are reported to be setting up packaging facility in the country. Such developments encourage blending of teas of different origins. It also affects consumer tastes as the range of products increases and value added products like tea bags, flavoured teas etc. gain acceptance.

Green Tea is also becoming popular due to increasing health consciousness of the consumers. In UAE, Lipton launched its Green Tea pack with aggressive publicity and even the new brand Alokzay includes Green Tea in its range.

USA and Canada

The jurisdiction of the Board's erstwhile New York Office covered USA, Canada and South America. With the closure of Board's New York Office in July, 2004, promotional activities have been handled from Head Office.



TEA CONSUMPTION PATTERN

The tea consumption pattern in the USA is mostly in the form of ice tea. However, in the recent years, there has been some changes towards the consumption of hot tea also. Trend of overall consumption of tea in USA has also improved because of the health benefits, associated with tea. Tea consumption in Canada has declined a little. India's share of the tea market in the USA is small but is increasing gradually. Assam and Darjeeling teas as speciality teas are becoming popular in this market where flavoured teas play a vital role. Export of teas from South India is also registering a gradual increase. Canada is a hot tea market. About 60% of the population in Canada consumes hot tea unlike USA. The volume of Indian tea export to Canada though low has registered a small increase. However, the silver lining is that even though the volume of export was low, the unit value realization was high thereby indicating that speciality teas are becoming popular and is poised for growth.

US Tea Council & Association

India being a founding member of this Council took part in all the deliberations of different meets.

Tea Council of Canada

India has played an active role in the Council's meetings in promoting tea as a health beverage.

Australia

Tea promotion in Australia is handled from Head Office. Though Australia is primarily a coffee drinking nation, the British

habit of tea drinking also prevails. Australia's total import of tea from all sources is 14-15 m. kgs. A small quantity of around 1550 m. tons is produced in the country. The country re-exports approx. 0.9 m. kgs tea. This market, is now being viewed more positively as the new destination that has great potentials for penetration and expansion. Tea Board's promotional efforts over the last several years are now showing good results. Exports from India to Australia have registered an increase of more than 200% from 1.41 m. kgs. in 2002-03 to 4.86 m. kgs. in 2008-09. The growth has been in volume and value realization. Indian tea exports has been in the form of Instant Tea, Tea Bags & Packet teas.

Participation in Fine Food Exhibition in Australia has become one of the regular features of Tea Board's activities in Australia.

Japan

Japan produces 85-90 m. kgs. of green tea per annum which is consumed mainly within the country. Japan also imports black tea. Japan is a market for quality Darjeeling teas. Apart from the high quality leaf grade teas, the market has gradually cultivated the use of Assam CTC teas, used either in Tea Bags or for the production of canned milk teas, a favourite of the younger generation.

The promotional work for 'India tea' in Japan is carried out mainly through the Embassy of India in Tokyo with the assistance of Japan Tea Association.

Tea Board with the active assistance of the Indian Embassy participated in 'Foodex' Japan, 2009 from 03- 06 March 2009.

The duty structure for tea imports to Japan are as under :-

Types of tea	Developing countries	Less Developing countries	Others
Black tea in bulk	2.5%	Nil	3.0%
Black tea in packets	12.0%	Nil	12.0%
Instant tea	8.0%	Nil	10.0%
Green tea	17.0%	17.0%	17.0%